Automated Non-Returns

A New Way to Manage NSF Activity

INTRODUCTION

Automated Non-Returns is the CU*BASE answer to what has been coined as a "Courtesy Pay" program, where accounts are taken negative in the posting of electronic debits (share drafts, ACH, etc.) for a fee.

Similar to the existing non-return or "force pay" feature available in share draft exception processing, the CU*BASE Auto Non-Return (ANR) feature allows your credit union to configure a program where member balances can automatically be processed to a negative amount, saving members the embarrassment and hassle of returned checks, with corresponding fees and fee limits that offset credit union costs and increase your return.

♦ Accounts that would traditionally be returned as NSF will post, up to a specified *Negative Balance Limit* amount stored on each individual account record.

♦ In addition to share draft processing, **ACH** will allow members to post items negative, up to the *Negative Balance Limit* on the member's account on checking accounts. *See Page 4 for more details.*

♦ Items posted through the **Teller Processing In-House drafts** feature will include ANR processing for accounts that have a *Negative Balance Limit* on checking accounts.

♦ You can now extend the same courtesy to members over the teller line that they get when using their debit card or writing a check. Activate the new ANR for Teller Processing feature and the member's negative balance limit will be added into the available balance calculation and made available for withdrawal via teller posting. *See Page 11 for considerations and Page 13 for activation instructions.*

♦ Items posted through **ATM/Debit card** interfaces (online or batch) can be configured to use ANR processing for accounts that have a *Negative Balance Limit* on checking accounts. *See Page 8 for considerations and Page 13 for activation instructions.*

- Credit unions can control member negative balance limits with an automated **"ANR Scoring"** system. Similar to Marketing Clubs, this system will automatically monitor member accounts on a monthly basis and activate or adjust member accounts to the appropriate limit according to CU-defined parameters. It also includes a daily deactivation routine that will automatically zero-out a member's negative balance limit after the balance has been negative for a specified number of days. *See Page 20 for more details.*

- A **maintenance** program allows you to update a member's negative balance limit without having to access the full account information update system. *See Page 26 for more details.*

- **NSF Statistics** include detail and counts for draft, ACH and ATM/Debit NSF items. *See Page 40 for details.*

- Depending on your Courtesy Pay program policies as they relate to the requirements of **Reg. DD**, you can elect to disclose period-to-date and year-to-date NSF and Non-Return fees to members on member statements. *See Page 44 for details.*

- For your collections follow-up efforts, you can set up automated **ANR Notices** for negative balance accounts. Similar to the way loan delinquency notices are handled, you can configure "aging" parameters, generate a member account comment for credit union staff, and customize the notice text. *See Page 32 for details.*

This booklet describes the steps needed to configure, implement and monitor a credit union-designed program that benefits both your members and your bottom line.

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OVERVIEW: UNDERSTANDING ANR PROCESSING

WHICH PROCESSES WILL USE AUTOMATED NON-RETURNS (ANR)?

Process	Supported for Checking Accounts	Supported for Savings Accounts	Special Activation Required?
Share Draft processing (includes bill payments paid via member check)	✓		No
ACH processing (includes bill payments paid via ACH)	✓	✓	No
Batch ATM/Debit card authorizations and/or postings*	✓	✓	Yes
Online ATM/Debit card authorizations and/or postings*	✓	✓	Yes
In-house drafts posted through the Teller Posting system	✓		No
Teller withdrawals	✓	✓	Yes
Automated "scoring" for setting member negative balance limits	✓		Yes

*For **ATM/Debit Card Processing** (batch or online), you can activate ANR to be used when authorizing transactions and/or when posting debits. (NOTE: Negative balance limits will *not* be used when calculating balances for ATM account inquiries.) *See Page 8 for a discussion of considerations for activating ANR for your ATM/debit card program. See Page 13 for activation instructions.*

WHAT IS NOT COVERED BY AUTOMATED NON RETURN PROCESSING

Line-of-Credit Disbursement checks will not use ANR processing. Although technically they are posted through share draft processing, loan account records in MEMBER5 and MEMBER6 will not contain a *Negative Balance Limit* field to allow for ANR processing.

HOW ARE MEMBERS "ELIGIBLE" FOR AUTO NON-RETURNS?

A *Negative Balance Limit* field controls how far negative the account is allowed to be posted. By attaching this amount to the member account record, all savings and checking account types will qualify for ANR handling. This will also allow different accounts to be processed based on different limits according to the qualifications set by the credit union.

There is no "activation" feature *per se* for standard ANR processing. When items are posted, the system will simply look at the *Negative Balance Limit*

field on the member account. If an amount appears in this field, the system will allow the item to be posted up to that limit. If not, auto non-returns will not apply. Items can still be force paid manually through share draft exception processing or through manual account adjustments.

The *Negative Balance Limit* for your members can be adjusted automatically using a monthly scoring system. (This feature is only available for checking account products.) Similar to Tiered Service scoring, this system evaluates members every month and automatically assigns the appropriate limit according to your defined parameters. You can even tie this system to your Tiered Services program, if you wish, to control a member's limit based on his or her monthly Tiered Service score. **See Page 20 for more details.**

A member's negative balance limit can also be changed manually based on special situations, and that amount can be "locked" so that it remains fixed. This "locking" feature is designed to allow you to flag certain accounts so that they are not affected by the automated scoring program, such as for problem accounts that abuse the negative balance privilege. Member Inquiry and Phone software will display a member's negative balance limit for each account. **See Page 26 for details.**

HOW WILL ANR WORK WITH OVERDRAFT PROTECTION TRANSFERS?

Overdraft protection will continue to work according to your credit union's configured settings. For accounts that also have a *Negative Balance Limit*, the system will pull as much money as it can from overdraft accounts (with applicable fees), then once all available funds from these accounts have been depleted, the remaining amount of the draft will be posted negative on the checking account (up to the *Negative Balance Limit*, with the appropriate fee). The check would be returned only if there were not sufficient funds for the check and all associated fees found in the combination of all ODP accounts plus the negative balance limit on the checking account.

> *NOTE: In order to ensure that ODP accounts are not taken negative by this process, and also to ensure that all appropriate fees are posted, ODP funds will not be pulled from an account unless there is enough to cover the ODP fee plus at least $0.01 toward the check itself.*

IMPORTANT: In order for ANR processing to work properly with overdraft protection, your credit union <u>must</u> have enabled combined overdraft processing (*NSF/OD Transfer Configuratio*n on the Savings Product (MNCNFA) menu, then choose *Overdraft Protection Activation*, then check *Allow combined O/D protection*).

WHAT ABOUT MEMBER NOTICES?

To allow your collectors to follow up on negative balance accounts, you can configure a series of negative balance notices with an aging configuration, similar to how loan delinquency notices are handled. These are only available for credit unions using the automated scoring feature and are only available for checking products.

In addition, there are several notice events that you will add to your forms that notify members when items are posted to a negative balance on their account, including notification of your courtesy pay fees. (These are

available for checking products only and require that the credit union use the automated scoring feature.) Separate events are available for ACH processing, share draft processing, and ATM/Debit Card processing.

For configuration information, refer to Page 32.

HOW WILL NON-RETURNED ITEMS AND FEES BE POSTED?

All posting programs will process the debit posting in the following order:

1. **Account Balance** - Verify the *Available Balance* on the account and post if sufficient funds are available.

2. **Overdraft Protection** - If funds are not available, next verify ODP balances, transferring if funds are available, and then posting the debit amount and appropriate ODP fee.

3. **Non-Fee Tolerance** - If the amount needed to cover the item falls within the non-fee tolerance, post the debit amount only with no non-return fee.

4. **Auto Non Returns** - Calculate funds available via ANR by adding the *Available Balance* to the *Negative Balance Limit* on the account, then post the debit amount and non-return fee.

5. If all of the above steps fail to produce sufficient funds, bounce (return) the item.

> IMPORTANT: ANR processing will NOT allow an account to go below the *Negative Balance Limit* in any case. If there if not enough to cover everything, *including the fee*, the item will be returned.

WHAT WILL BE DIFFERENT FOR MY COLLECTIONS EFFORTS?

Working your negative balance accounts will still be done through existing CU*BASE Collections features. A column will appear in the Collections Negative Balance inquiry to show the account's *Negative Balance Limit.* This will help the collector determine which accounts were allowed to go negative through automated processing versus those that were taken negative by other activity. See Page 38 for details.

If automated deactivation has been set up, member will be automatically "deactivated" after the account has been negative for a certain period of time. Deactivation simply means the negative balance limit on the account is $0.00. This can be done manually at any time by a collections officer, also.

In addition, the NSF Statistics inquiry (available through Member Inquiry and Phone Software) will show all NSF items, both those that were returned as well as non-returned items, including drafts, ACH and ATM/Debit items. See Page 40 for details.

SPECIAL NOTE: 1ST DATE NEGATIVE RESET CHOICES

The system uses a field on the account record called *1st date negative* to determine how long an account has been at a negative balance. You have two choices for how this field will behave:

♦ **Reset only if account is positive when <u>EOD</u> monitoring is done** - With this method, when the system monitors negative balances at the end of the day (this is separate from other delinquency monitoring, which is configurable to occur either at BOD or EOD), if the account balance is a positive balance (or zero), the *1st date negative* field is reset (cleared). This is the default method.

♦ **Reset if positive at <u>Any</u> point during the day** - With this method, when the system monitors negative balances at the end of the day, if the account was at a positive (or zero) balance at any point during that day, but the balance is currently negative, the *1st date negative* field will be reset by changing the date to the current date.

Your choice will depend on your Courtesy Pay policies and how you wish to consider a member's negative balance status. If you wish to give a member "credit" for bringing his account balance current during the day, even if he takes it negative again later that same day, use the second ("Any") reset option.

Example 1 - Either Method:

Action	1st Date Negative
On Monday, March 13, account goes negative	1/13/06
On Thursday, March 16, account goes positive	0/00/00
On Friday, March 17, account goes negative	1/17/06

Example 2 - Method 1 ("EOD"):

Action	1st Date Negative
On Monday, March 13, account goes negative	1/13/06
On Thursday, March 16, account goes positive at 2:00 in the afternoon after the member makes a large deposit. However, that evening a large check clears and the account goes back negative again.	**1/13/06** *(not reset)*
On Friday, March 17, account is still negative	1/13/06

Example 3 - Method 2 ("Any"):

Action	1st Date Negative
On Monday, March 13, account goes negative	1/13/06
On Thursday, March 16, account goes positive at 2:00 in the afternoon after the member makes a large deposit. However, that evening a large check clears and the account goes back negative again.	**1/16/06** *(reset)*
On Friday, March 17, account is still negative	1/16/06

Notice that this member has three fewer days in his negative balance history.

> *Whatever method you choose, keep in mind that the method affects ALL savings/checking accounts, not just the products you have set up for automated non-returns.*
>
> *Contact a Client Service Representative to change the setting of this flag. Self Processing CUs can change the flag using Master CU Parameter Config (OPER #10, then #1).*

SPECIAL NOTE: TIERED SERVICE SCORING

The CU*BASE Tiered Services program will allow you to grant (or deduct) points according for negative savings balances separately from negative checking account balances.

For example, it might not make much sense to penalize a member for a negative balance on his checking account when you are taking it negative and charging him a fee as part of your Courtesy Pay program. Therefore you can define a different score (no points, negative points, whatever you wish) for negative checking accounts (Application Type SD) than for all other share-type accounts (Application Types SH, IR, and TX).

> *For more information, refer to the CU*BASE Tiered Services Implementation Guide, available on our web site.*

SPECIAL NOTE: CONSIDERING ANR FOR ATM AND DEBIT CARD INTERFACES

If you are considering implementing Courtesy Pay privileges for your ATM and Debit Card programs, keep in mind:

♦   There is a difference between PIN-based and signature-based activity.
♦   There is a difference between authorizations and posting.
♦   There is a difference between offline (batch) and online processing.
♦   What about reversals?

PIN vs. Signature

Can your ATM/debit card interface separate PIN- and signature-based transactions? Not all of them can. If yours can't, ANR would be an all-or-nothing proposition.

Consider the mentality of the member when using a debit card at an ATM machine (PIN-based) versus making a purchase at a retailer (signature-based). Which one logically warrants a fee for taking a balance negative? Would members understand if their ATM transaction resulted in a negative balance and a fee, without it being disclosed before they took the money?

Authorizations vs. Posting

Do you mean for ANR to be part of granting a member's request for funds, or just used to handle NSF situations when something is posted? There is a big difference between including a negative balance limit as part of the available funds calculation, and just covering an item that comes in as a courtesy to the member.

Once again, in a signature-based transaction you might approve the purchase for the retailer. But do you want to mislead the member when he does an ATM withdrawal, giving him more from his account than he really has? How are you going to communicate the difference to members?

Remember, if you are only worried about the posting, you can already use NSF fee processes and overdraft protection for ATM and debit card programs. ANR really doesn't add much to these posting processes. After all, these items never get returned, like checks, ACH, and bill pay transactions can.

(Why pay Courtesy Pay consultants just to have the transaction description read "Non-Return Fee"?)

Batch vs. Online

In a batch environment, the switch is responsible for authorizing transactions, either based on a positive balance file (PBF), or using your credit union's daily offline limits. The available balance stored in the PBF can be calculated to include ANR limits if you wish. Although most credit unions might elect to include ODP funds in the calculation (since the member really does have the money available in another account), do you really want your network to approve off a PBF that is inflated by the negative balance limit, thus *encouraging* members to take their accounts negative?

> *NOTE: Changes to how available balances are determined for your PBF will require changes to your credit union's custom program, and normal custom programming fees will apply. Contact a CU*BASE Client Service Representative for more information.*

In the online environment, the available balance used to authorize a member's transaction is calculated by CU*BASE (or is based on a daily limit, if the interface is off line), and can therefore be configured to include ANR limits, if desired. But again, do you really want to approve transactions off a balance that is inflated by the negative balance limit, encouraging members to take their accounts negative?

Reversals

Consider this situation: A member requests a $300 withdrawal at an ATM machine. The network sends a request to CU*BASE to verify member funds, and CU*Answers grants the withdrawal based on a balance of $200 and a negative balance limit of $500.

The network goes ahead and sends a post command for the transaction to CU*BASE. CU*BASE uses $50 from the member's ODP account, charges a $5.00 fee for the overdraft transfer, posts the balance against the negative balance limit, and charges a $20.00 non-return fee.

Unfortunately, the ATM machine jams and cannot give the $300 to the member after all the transactions have been posted. So the network sends a reversing transaction to CU*BASE. However, it is not just one transaction that needs to be reversed. It is far more complicated, and potentially, far more difficult to explain to the member.

The Dilemma: Calculating Available Balance

Consider the following example of member (that uses ANR on a checking account):

John's Accounts	Available Balance
Savings -000	$100.00
Checking -001	$500.00
LOC -786	$1,000.00
Courtesy Pay Limit	$500.00

What is the available balance on John's 001 checking acct? Is it $500 (the amount actually in that account)? Is it $1,600 (the account balance plus the

money in the ODP savings and LOC accounts)? Or is it $2,100 (the account balance plus ODP plus the courtesy pay limit)?

When a member asks for money from an ATM machine and selects his checking account, does he expect to get money *only* from his checking account based on how much money is really *in* his checking account? And is the answer for an ATM POS transaction? For a Debit card purchase authorization?

CU*BASE has the flexibility to configure many different methods; your credit union just needs to decide what is best for your members and your goals.

SPECIAL NOTE: OPT IN/OPT OUT REG E

Reg E Opt In/Opt Out does not apply strictly to ANR, because ANR applies to checks and ACH transaction, not just ATM and Debit card transactions. Credit unions need to take care of Reg E settings as it relates to their overdraft services on ATM and one-time debit card transactions, while understanding that it is separate from their overall Courtesy Pay program.

To explain the Opt In/Opt Out Reg E features in CU*BASE, as well as a conversation of the related issued, refer to the *Opt In/Opt Out (Reg E) - Managing Your Offering* booklet posted on the CU*BASE Reference Page under "O."

http://www.cuanswers.com/pdf/cb_ref/regeoptinoptout.pdf

SPECIAL NOTE: ANR PROCESSING ON SAVINGS ACCOUNTS

If your credit union has savings accounts with debit cards attached, you can use ANR to extend certain overdraft services to those accounts, including:

♦ ACH
♦ ATM/Debit
♦ Teller Withdrawals (if activated)

Unlike checking accounts, you cannot use automated ANR processing nor set default negative balance limits on share accounts. You must manually update a member's negative balance limit on a savings account via the Account Update (Tier 2 Maintenance required) or the Work Collections features.

Please note that the ANR notices cannot be used for savings accounts since they are only available with automated ANR processing. However, other notices for negative balances can be used.

SPECIAL NOTE: ANR FOR TELLER WITHDRAWALS

If you wish, you can extend your overdraft services to the teller line and allow teller withdrawals to post into a negative balance, for a fee, up to the member's negative balance limit. This is accomplished by adding the negative balance limit and subtracting the configured ANR fee to compute the available balance. *See Page 37 for a sample of how this will behave while in teller posting.*

Features:

♦ Applies to cash withdrawals (including withdrawals that are then transferred to another account) as well as checks and money orders done via Teller Processing.
♦ Applies to any savings or checking accounts that have a negative balance limit on them. Remember that limits on savings accounts must be set manually.
♦ The member's Reg. E opt in/out settings do *not* apply to teller withdrawals.
♦ If an account is already negative but hasn't dipped all the way down to their negative balance limit, the teller system will enable the withdrawal field (which would ordinarily be hidden) so they can withdraw the additional funds up to that limit (including the fee).

While the ANR processing for teller in-house (on-us) checks is a standard feature, you must activate the feature to extend ANR services to teller withdrawals. See the next page for ANR configuration instructions.

> *IMPORTANT NOTE: With this feature turned on the available balance shown at the teller line (see Page 37) will <u>always</u> include the negative balance limit (minus the fee). This may make it more difficult to ascertain the member's available balance minus only their check holds and secured balances, as before. (We recommend you use the Inquiry process code if that figure is needed.)*
>
> *This feature is intended to foster a culture of making your courtesy pay limit available to members all the time, everywhere they are...so if you choose to activate it make sure your tellers understand the impact this will have on how they serve members day to day.*

Both cash withdrawals and checks/money orders are one fee per account per withdrawal. So if the transaction takes cash to a negative balance out of three different suffixes in the same transaction, the member will get three different fees. Or if the teller prints three money orders and one check in the same transaction, all taking the acct negative, the member will get four fees. The pop-up window alerting the teller that a fee will be charged (see page 37) appears for each and every individual fee that's about to be charged, but it's still up to the teller to tell the member about each one.

If the member's account already has dipped into its ANR limit, but has not used up all the funds above the limit, the member will be allowed to take additional funds from the account up to the ANR limit.

Additionally, the ANR fee caps feature work with this feature, so if your credit union has this feature activated, fees will only be charged up to the point of the cap. Then the transactions will still be allowed but there won't be any fee messages or fees charged after the cap is hit. (NOTE: The ANR fee cap feature is configured per dividend application.)

A SPECIAL NOTE ABOUT ANR AND NEGATIVE BALANCE OVERRIDES AT THE TELLER LINE

If your credit union will activate the "Allow post to negative balance for one transaction" override in the [Teller Workflow Controls](#) in CU*BASE, it is helpful to review this section to understand how Teller ANR and negative balance override work together, or rather, how to understand the complications of turning them on together.

Essentially, ANR for Teller is used to allow members to use their Courtesy Pay limit at the teller line, but furthermore to collect fee income for allowing members to go negative over the teller line. Whereas the negative balance override is for occasional special situations where a credit union normally doesn't allow it but makes a one-time exception. It's important to note that any overrides doesn't have fees, (unless a manual account adjustment or a miscellaneous receipt is used).

If both options are activated, the results of using the features will be based on enough variables that it will be very difficult to explain available balance to a member. Some members would receive a fee and some would not, depending on whether an override was used, how negative the person already was, the difference between their negative balance limit and the credit union maximum allowed negative from the override configuration.

If both features are allowed, the hierarchy will be set up so that it will collect ANR fees first, as a priority. So if you use an override but the person has an ANR limit and there's still money available within that limit, they'll get a fee. But at the point when you use up their ANR limit and start dipping even lower (assuming the override limit isn't smaller), then they would NOT get a fee; the way maximums are configured is also important.

These complications alone are enough to discourage using ANR at the Teller Line and Negative Balance Overrides in conjunction at your credit union. For future details, please contact a Client Service Representative.

CONFIGURING ANR: STEP BY STEP

After you've updated all related TIS disclosures and other member communications, and reviewed your internal policies and procedures for any needed changes, use the following steps to implement ANR processing for your member accounts.

To make sure your implementation works smoothly and you get the results you want, we request that you contact a CU*BASE Client Service Representative to work with you as you complete the following configurations and get ready for your first automated scoring cycle. We will be able to run tests on your member files to make sure that members will be given the negative balance limits that you expect.

1. **Configure Non-Return Fees**
   The existing NSF fee configuration already contains non-return fee parameters. These, along with a configurable fee transaction description, will be used for automated non-return processing as well as the existing force pay feature in the share draft exception system. Because fee amounts are set up separately for each dividend application, you can set up different non-return fees according to account type (i.e., regular checking vs. VIP checking, etc.).

   > *See Page 16 for details.*

2. **Verify NSF/OD Protection Settings**
   Make sure that the combined overdraft protection has been turned on for your credit union. This allows the system to pull funds from more than one place to satisfy an item being presented.

   > *Use **NSF/OD Transfer Configuration** on the Savings Products (MNCNFA) menu. Choose "Overdraft Protection Activation" (1). Make sure "Allow combined O/D protection" is checked.*

3. **Activate ANR for ATM/Debit Card**
   (See considerations on Page 8.)
   If your credit union wishes to activate ANR processing for your ATM/Debit Card activity, you can choose whether or not to activate ANR for your PIN-based (ATM/Debit card) activity as well as for your signature-based (debit card) activity. Separate flags exist to control postings and authorizations.

   > *Use **NSF/OD Transfer Configuration** on the Savings Products (MNCNFA) menu. Choose "Overdraft protection activation." Set the appropriate flags based on your ATM/Debit interface. Refer to online help while working on that screen for additional information.*

4. *Activate ANR for Teller Withdrawals*
   (See considerations on Page 11. See this feature in action on page 37.)
   If your credit union wishes to allow members to take their accounts negative when they make withdrawals at the teller line, you will need to

check the flag in your Overdraft Protection/ANR Activation configuration to enable the feature.

> *Use **NSF/OD Transfer Configuration** on the Savings Products (MNCNFA) menu. Choose "Overdraft protection activation." Check the ANR/Courtesy Pay Posting flag for the Teller withdrawals origin. Refer to online help while working on that screen for additional details.*

5. **Set Up Notices**
   - Configure aging parameters for your negative balance notices.
   - Review the text on the ANR1, ANR2, ANR3, and ANR4 notices, changing the verbiage as appropriate, and add the events to one of your forms.
   - Review the text on the NSFREP event (for share draft items), changing the verbiage if needed, and make sure the event is tied to one of your forms.
   - Configure text for the ACH notice event ACHANR and add the event to one of your notice forms.
   - If necessary, configure text for the ATM/Debit Card notice event ATMANR and add the event to one of your notice forms.

   > *See Page 32 for details.*

6. **Configure Monthly Activation/Deactivation Parameters**
   Decide how members should be "scored" each month and what negative balance limits should be assigned automatically based on member behavior. Activation scoring is done on the 1st of the month once parameters are defined. Therefore, time these changes to occur prior to the 1st day of the month when your program should begin. After members have been activated with appropriate negative balance limits, the next items to be presented to the account will be subject to auto non-return processing.

   > *See Page 20 for details.*

7. **Determine 1st Date Negative Reset Method**
   Decide how you want the system to handle resetting the *1st date negative* field on your accounts. NOTE: This method affects ALL savings/checking accounts, not just the products you have set up for automated non-returns.

   > *See Page 6 for details.*

8. **Configure Default Negative Balance Limits for New Accounts**
   If you want new accounts to be automatically included in automated non-return processing, you can elect to set up a default negative balance limit in share product configuration. While this might not be appropriate for all situations, you might want to set it up as a default for your "VIP" or "preferred" type checking accounts.

   > *See Page 26 for details.*

9. **As Needed, Adjust Negative Balance Limits Manually**
   Even if you use the automatic activation/deactivation feature, as your collectors monitor negative balance accounts, it may be necessary to

manually adjust a member's balance amount during the month or lock the amount so it is not changed by the next scoring cycle. This can now be done using command keys available on the Share Draft Exceptions screen, on the Collections Negative Balance inquiry, and when opening new share draft accounts.

> *See Page 26 for details.*

SETTING UP FEES FOR AUTOMATED NON-RETURNS

NSF/ODP CONFIGURATION

"NSF/ODP Transfer Configuration" on the Savings Product (MNCNFA) menu, then "Overdraft Protection and NSF Configuration" (2)

Since NSF and ODP settings are configured separately by Dividend Application, you will need to set up non-return fee information for all checking (or savings) account products that are included in your program. Select the Dividend Application in this list and choose *Change* to continue.

The *NSF - Returned Items* section controls how items are handled that cannot be posted due to non-sufficient funds, and are actually returned.

The *Non-Returned Items* section controls how NSF items that are *not* returned will be handled. This controls both your Automated Non-Returns policy as well as any items that are force-paid manually through the Share Draft Exceptions system.

The *Maximum Non-Return Fee Amount per Day (Cap)* field can be configured to cap a member's fees based on the business day. The cap must be divisible by the fee amount.

See below for a description of the fields that apply to ANR processing.

Field Descriptions

Field Name	Description
Non-return fee	Enter the fee amount that should be charged to members when NSF items are not returned, but rather are posted to member accounts, resulting in a negative balance. This fee is always charged once for each item that is posted. This same fee is used for Automated Non-Returns as well as for share draft items that are force paid by using status code "F" on the Share Draft Exception File screen.
Non-return fee G/L	Enter the general ledger account number where the fee income from non-return fees should be posted. To allow you to track the fee income from your non-return program, it is strongly recommended that this be a unique G/L account not used for other types of fees.
Transaction description	Enter a description to be used when posting your non-return fee to a member's account. If you are using the Automated Non-Returns feature as a sort of "courtesy pay" program, this description could include a reference to that program.
Non-fee tolerance within xxx of available balance	Use this field to allow items to be cleared on a member's account up to a certain amount over the available balance, without incurring your regular non-return fee. This is commonly set to a low amount such as $1.00 or $5.00 for situations where an item is presented and the available balance is just shy of the amount needed to post. For example, say a member has an available balance of $125 in her checking account and a check for $126.13 is presented. If the Non-fee tolerance field is set to $5.00, the check would post with no fee needed. Any subsequent checks presented that took the account more than $5.00 below the available balance would either be posted with your non-return fee (up to the Negative Balance Limit on that account), or would be returned as NSF. HINT: If your credit union is setting up an automated non-returns program, it is generally recommended that this be set to $0 so that your non-return fee is applied consistently for all transactions that result in a negative balance. However, you can still use this and any items that bring the account no more than this amount negative will not be charged your normal non-return fee.
Maximum non-return fee amount per day (cap)	Use this field to set daily (business day) maximums for the amount of ANR fees that a member could potentially pay. The fee cap configurations apply to ANR fees only and include check postings, in-house drafts, ACH, ATM/Debit (online) transactions, and bill pay transactions. Fees waived due to the cap will be logged for analysis in the CU*BASE Fee Income/Waiver/Refunds dashboard and report.

ANR/NSF Fee Options: Available vs. Current Balance for ATM/Debit Card Transactions

Originally, CU*BASE only used the account's *available balance* to *determine if a fee should be charged* when a debit transaction causes the account to dip into a negative-balance amount.

- The available balance appears on the secondary-transaction descriptions for NSF and ANR fees (in Phone Operator, member statements, and in online banking). This is helpful when the member is charged a fee because his or her current balance would not require a fee, however, they are charged one since their available balance does require a fee be charged.

Heightened consumer interest in fees and the fact the credit unions tend to be more responsive to these needs drove the need for two fee options: one configuration for fees based on available balance and one for fees based on current balance. With the "current balance" option, CU*BASE allows credit union to assess ANR and NSF fees only when the member's current balance goes negative, regardless of the available balance at the time of posting. This can be used to mitigate member confusion due to delays between purchase authorizations and postings.

> *We realize that not all credit unions will be interested in the "current balance" option. From our initial analysis on one credit union's ATM and debit ANR/NSF fees, we determined that the credit union's income would decrease by 75-90%. Careful analysis will be needed if you choose to change the way you calculate your ANR-fee structure.*

The authorization of transactions does not change if a credit union wishes to use the "current balance" option – these calculations still consider the member's available balance. *Credit unions selecting available balance are simply selecting that the member's available balance be used to determine if a fee should be charged.*

> *A change to the available-balance option will also affect NSF statistics on dashboards such as the NSF Statistics dashboard and NSF Summary Stats screen (accessed via "NSF" (F13) from the Member Account Inquiry screen) since the count of NSFs will decrease. (The "# of Occurrences" count indicates the number of times an item was presented as NSF.)*

The configuration for current-versus-available balance is configured on the Overdraft Protection/ANR Activation screen which is accessed via **NSF/ODP Transfer Configuration** on the Savings Products (MNCNFA) menu, then "ODP Activation." Credit unions can select to set CU*BASE to configure *PIN ATM/debit* and *Debit card (Signature)* ANR/NSF fees by current balance. By default, all credit unions will be set to *Avail (*Available).

Session 0 CU*BASE GOLD Edition - Overdraft Protection / ANR Activation - UPDATE					
	Overdraft Protection	ANR/Courtesy Pay	Reg	Charge	ANR/NSF Fee (Stats)
Origin/Process	Use ODP Balances for	Use Negative Balance Limit for	DD Fees	NSF Fees	Based on Avail/Curr
01 Teller withdrawals	☐ Posting	☑ Posting			◉ Avail ○ Current
01 Teller inhouse checks	☑ Posting	☑ Posting	☑ Yes	N/A	◉ Avail ○ Current
11 ACH	☑ Posting	☑ Posting	☑ Yes	☑ Yes	◉ Avail ○ Current
02 Checks	☑ Posting	☑ Posting	☑ Yes	☑ Yes	◉ Avail ○ Current
13 PIN ATM/debit	☑ Posting ☑ Authorization	☐ Posting ☐ Authorization	☑ Yes	☑ Yes	○ Avail ◉ Current
16 Debit card (Signature)	☑ Posting ☑ Authorization	☑ Posting ☑ Authorization	☑ Yes	☑ Yes	○ Avail ◉ Current
20 Bill pay	☑ Posting	☑ Posting	☑ Yes	☑ Yes	◉ Avail ○ Current

☑ Allow combined O/D protection

Last maintained by MARYV
On Mar 28, 2016

FR (2598)

> *Refer to online help for details about all of the settings available on this window.*

SETTING MEMBER NEGATIVE BALANCE LIMITS

AUTOMATED "SCORING" TO SET MEMBER NEGATIVE BALANCE LIMITS

With this system, the *Negative Balance Limit* amounts on member checking accounts can be controlled automatically by CU*BASE according to member behavior. Since all checking accounts are monitored every month once they have been opened for a certain number of days, this routine allows credit unions to set up multiple levels whereby a member's limit could be adjusted each month based on their behavior (for example, to tie limits to Tiered Service scores). Since the scoring settings are tied to Dividend Application, different parameters can be set up for each of your checking products.

> *If any accounts are "locked," the scoring procedure will not alter that Negative Balance Limit on that account. See Page 26 for details on locking an individual account.*

NOTE: This automated feature is not available for savings accounts. Refer to the section on page 26 for how to manually enter a negative balance amount for a savings (or checking) account. You can also use the Work Collections feature explained later in this document to manually update the negative balance for both savings and checking products.

IMPORTANT: If you want to use the configurable ANR notices to follow up with your negative balance members, you MUST activate the automated scoring system, even if only for deactivation. See Page 32 for more details about negative balance notices.

Monthly Activation/Reactivation/Adjustment Routine

♦ This routine is run monthly on the 1st of the month (after Tiered Service Scoring) using your configured parameters to update the *Negative Balance Limit* field on member share draft accounts.

> *When evaluating a member for which a negative balance limit already exists, it is possible that the routine will make the limit smaller than it already is. If appropriate, the limit can be increased (made larger) or decreased (made smaller). This may mean make a member's account negative below the defined limit.*

♦ When the balance limit is changed, a new *Date ANR Activated* field on the account record will record the date the change was made.

♦ Reactivation and adjustments will run at same time according to the parameters configured. This routine also updates the *Date ANR Activated* field. (Therefore, an account with a deactivation date that is more recent than the activation date should currently have a limit of $0. An account where the activation date is *after* the deactivation date means

the account has been reactivated and would show a limit greater than $0.)

♦ When the routine is run, a report will be generated showing members where a Negative Balance Limit was set or changed from zero to the defined limit. (See Page 43). This report documents both increases and decreases of members' negative balance limit.

Daily Deactivation Routine

The deactivation routine is designed to remove a member's Negative Balance Limit so that no additional items can be posted negative. This is designed to take care of the abusers who do not promptly bring their accounts current, to lower the risk of loss to the credit union.

♦ Accounts are evaluated on a daily basis to set the *Negative Balance Limit* to $0 according to your configured parameters.

♦ When the limit is changed by this routine, a new *Date ANR Deactivated* field on the account record will record the current date.

♦ When the routine is run, a report will be generated showing members where a negative balance limit was cleared (see Page 43).

"Share Products" on the Savings Products (MNCNFA) menu

A separate set of scoring parameters must be set up for each share draft account product that should use ANR processing.

Select *ANR Scoring* (F20) to display the screens shown on the following page.

> **Important Note**: After using the **ANR Scoring** feature to set up your scoring parameters, be sure to check *Auto-update negative balance limits* on this screen to activate the monthly update process. This is also required if you are planning to generate ANR notices.

This "Set negative balance level only if account is not currently negative AND no more xx NSF returns since account was open" is important to note. If a member has more than this number of NSFs, the members negative balance limit **will not be adjusted**, even if the member is moved into a higher Tiered Service level and is configured to therefore receive a higher negative balance limit by the second screen on this page.

Use this screen to set the member's negative balance limit according to the member's Tiered Score level.

The settings on these screen control the conditions that will cause a member's negative balance limit to be maintained automatically by CU*BASE. Activation, reactivation, and monthly adjustments are done on the 1st of the month based on the member's status at that point in time. Accounts are also monitored on a daily basis for deactivation according to the parameters defined here. Use the second screen to define a member's

negative balance limit based on the member's Tiered Score. (NOTE: If a member has too many NSFs as defined by the top screen (see callout note), the member may not receive a higher limit, regardless if that member moved into a higher Tier.)

Field Descriptions

Field Name	Description
Evaluation Parameters	
The fields under this tab control whether a member is granted a *Negative Balance Limit* at all.	
Minimum age	A member must be at least this age in order to qualify for a negative balance limit. This is ignored when evaluating organizations (membership type "MO").
Activation/Adjustment	
This section controls the initial "activation" of a brand new account. It also controls adjustments, if any, that are to be made to a member's limit. Activation and adjustments are done on the 1st of every month. Remember that ALL accounts of this type are evaluated against these settings once the account has been open the minimum time specified. Therefore, if you have defined more than one level under the *Negative Balance Levels* section, existing members might change to a new level based on account balance and/or Tiered Service Score.	
All parameters in this section are "AND" conditions—everything must be true in order to set or change a member's *Negative Balance Limit*.	
Evaluate accounts monthly after xxx days from account open date	This parameter allows you to give new accounts a negative balance limit after they have been opened for a certain period of time (usually 60-90 days). Thereafter, accounts are evaluated every month and adjusted to a new level, if appropriate. Members negative balance limit can be adjusted to a larger or smaller negative balance limit.
Set negative balance level only if account is not currently negative, AND	Remember that accounts cannot be granted a new negative balance limit by this system if they are already at a negative status.
No more than xxxx NSF returns since account opened	This controls the tolerance of returned items. If set to zero, the member can't have had <u>any</u> NSF returns since the account was opened in order to be granted a new limit.
	This means that the member might be rescored into a higher Tiered Service tier, but because of the member's number of NSFs, the member could remain at his or her original negative balance limit.
	For example, if Mary is rescored from a Basic Tiered Score Level ($100.00 negative balance limit) to a Level 3 Tiered Score Level ($500.00 negative balance limit), and Mary has over the number of NSF returns in this field, Mary's limit will not change due to automated ANR scoring. Even though she is a now in the Level 3 Tier, she will continue to receive the same negative balance limit she received the previous month. For this reason, members might receive a negative balance limit below the limit indicated by their Tiered Score level.
Deactivation	
This section lets you pull a member's account out of the program if it is not brought current quickly enough. Accounts are monitored every day for deactivation.	
Evaluate daily and deactivate when	If a member stays negative for this many days (measured from the *First Date Negative* field on the account) the system

Field Name	Description
account has been negative for xx days	will automatically change the *Negative Balance Limit* to $0.00 and record the date in the *Date ANR Deactivated* field.

Reactivation

This section allows you to bring a member back into the program if they go for a certain period of time without problems. Again, all parameters in this section are "AND" conditions—everything must be true in order to change a member's *Negative Balance Limit.*

Field Name	Description
If deactivated, evaluate again xxx days from date deactivated	The system will look at the account again after this many days since the *Date ANR Deactivated.* This allows you to give members a period of time to "clean up their act" before allowing them back into the program again. If you do not want to ever reactivate a member who has been deactivated, enter 999 here NOTE: Reactivation is actually done on a monthly basis at the same time as activation and adjustments are done. Therefore, if this number of days passes for a specific account and it is still the middle of the month, that account will not actually be reactivated until the 1st of the next month.
Set negative balance level only if account is not currently negative, AND	Remember that accounts cannot be reactivated if they are currently at a negative status.
No more than xxxx NSF returns since date deactivated	This controls the tolerance of returned items. If set to zero, the member can't have had any NSF returns since it was originally deactivated in order to be granted a new limit. Remember that this applies to RETURNED items only.

Exclude the Following Accounts

This section lets you set exclusions that will cause CU*BASE to ignore certain accounts, meaning their *Negative balance limit* will not be changed during the scoring routines.

NOTE: These apply only to activation and reactivation routines. If you check any of these flags after you have been running your ANR program for a while, any of these types of accounts that already have a negative balance limit will never be evaluated again (they might be *de*activated, but only based on your deactivation parameters, not based on dormancy, wrong address, etc.). You may first need to manually adjust these accounts to get everything in synch.

Field Name	Description
Dormant	Check this flag to ignore any accounts where the member is currently at a dormant status.
Wrong Address	Check this flag to ignore all accounts where the *Wrong address* flag is checked. Once the account has a corrected address and that flag is removed, the account will be evaluated as usual the next time scoring is done.
Deceased member	Check this flag to ignore all accounts where the member has a *Date of death* entered on the MASTER record.
Organizational	Check this flag to ignore all accounts with Membership Type MO (organizational).
Delinquent OTB accounts	Check this flag to ignore all accounts with an OTB credit card or other OTB account that is currently flagged as delinquent.

Field Name	Description
Negative Balance Levels	
The fields under this tab determine which *Negative Balance Limit* amount that will be used if <u>all</u> the conditions in the "Evaluation Parameters" section are met. You can use up to four levels, to assign different levels to different members if you wish. For example, you could tie your courtesy pay program to your Tiered Services program to determine the member's limit according to their Tiered Service score for the month. **The member will be granted the largest limit for which he/she is eligible.** If your credit union has a simple program where members either get your standard limit or none at all, use only the first level.	
Change Negative Balance Limit to xxx if	For this level, enter the negative balance limit that should be granted to the member if ALL conditions in this level are met.
90-day average balance is at least xxxx, AND	Enter the minimum 90-day average balance the member must have had in this checking account in order to be granted this balance level.
90-day aggregate average balance all savings accounts is at least xxxx, AND	Enter the minimum 90-day aggregate average balance the member must have had in all savings accounts in order to be granted this balance level.
Tiered Service level is at least x	Enter the minimum Tiered Service level the member must have achieved in order to be granted this balance level. (Since ANR scoring is done immediately after Tiered Service scores are calculated at the beginning of the month, this means that the Tiered Service score a member earned for the past month will determine his negative balance limit for the coming month.) NOTE: If your credit union uses the household method of Tiered Service scoring (where everyone in a household is granted the highest score earned by any member of that household), ANR will still use the score earned by each individual member to determine the appropriate negative balance level.

DEFINING NEGATIVE BALANCE LIMIT DEFAULTS FOR NEW ACCOUNTS

If you wish to automatically give all new checking accounts the ability for automated non-returns, you can enter a default negative balance limit as part of the share dividend application configuration.

- This feature is currently not available for savings products.

"Share Products" on the Savings Products (MNCNFA) menu

Enter an amount into the *Default negative bal limit* field. This amount will automatically be filled in as the negative balance limit whenever a new account of this type is created. Leave the field as 0.00 if you do not wish new accounts to be able to be posted to a negative balance through ANR processing.

> *This is not common, but might be useful for specialty checking accounts where members already go through some sort of evaluation process before the account is opened, and therefore can be granted a negative balance limit immediately as a type of reward for opening the account.*

MANUALLY CHANGING/LOCKING A MEMBER'S NEGATIVE BALANCE LIMIT

Negative balance limits can also be set or adjusted manually on a member's savings or checking account. This could be done to allow just a small "focus group" of members to have a limit in order to test your program and make sure the fees and other settings are configured properly. Or it can be used to give members with a savings account with a debit card attached access to a negative balance limit.

This method might also be used to set a specific account to a limit of zero dollars so that it is not allowed to be posted negative by ANR processing. Or you could set a "permanent" negative balance limit for certain memberships so that they are allowed to be posted negative to a higher (or lower) limit, separate from the criteria you use for the rest of your membership. These accounts would then be locked so that the limit is not changed by the automated activation/adjustment scoring routines.

To avoid having to use the full Account Update system, access to a member's Negative Balance Limit is available through several convenient locations in CU*BASE:

- When working share draft exceptions (checking accounts only)
- When reviewing negative balance accounts in the Collections system (savings and checking accounts)
- When creating a new account (checking accounts only)

> **CU*TIP:** You can also use the ***Update Member Account Infor*** on the Update Functions 1 (MNUPDT menu) to adjust the *Negative Balance Limit* and *Locked* flag. Your Employee ID must have Maintenance Tier 2 security clearance in order to adjust the fields there. This method is available for both checking and savings accounts.

"Work Member Exception File" on the Member Check/ATM Processing (MNSDAT) menu

CU*TIP: Click *Show NSF* (F10) to toggle the display between number of NSF items found in history for this account and the Draft #.

The No. of NSFs shown here is on a rolling 12-month timeframe. It includes NSF items from history (see Page 40) for the current month plus 11 prior months.

If you are working share draft exceptions and see a member whose negative balance limit should be manually adjusted (up, down or to zero), select the member's name in the list and use *Change Negative Balance Limit* to display the screen shown on Page 29.

"Work Collections" on the Collections Processing (MNCOLL) menu

For a collections officer, while you are working your negative balance accounts, any item with a type of **NEG*** means there is a *negative Balance Limit* on the account. (Select the account and choose ***More info*** to see the actual limit.)

To manually adjust a member's level (either to increase it, decrease it, or clear it so no additional items are posted negative), select the member's name in the list and use ***Chg Neg Bal Limit*** to display the screen shown on Page 29. (NOTE: Remember that changes will not immediately appear in the *More info* window because this is a "snapshot" of the member as of the last time collections monitoring was done.)

- NOTE: This method is available for both savings and checking accounts.

Updating or Setting a Member's Negative Balance Limit

This screen appears from the Share Draft Exceptions and Work Collections screen using *Change Neg Balance* (shown previously)

CU*TIP: The *Activation date* is updated whenever the account's *Negative Balance Limit* is changed, whether through the initial activation or a later adjustment or reactivation.

An account with a *Deactivation date* that is more recent than the *Activation date* should currently have a limit of $0. An account where the *Activation date* is *after* the *Deactivation date* means the account has been reactivated and therefore would show a limit greater than $0.

The account number selected on the previous screen will appear automatically, showing his or her existing negative balance limit and the current balance on the account. (You may enter a different account number now if desired, such as if the same member has two checking accounts; use Enter to refresh the screen.)

Enter the appropriate limit amount. If you do not want this account to be adjusted when the monthly scoring routine is run, place a checkmark in the *Lock this limit...* field. When done use *Update* (F5) to save and return to the previous screen.

> IMPORTANT: A manual change to the amount or lock does NOT affect the date fields shown here. These fields are intended to give a history of automated changes through the scoring system. Manual adjustments are, however, written to the File Maintenance log (CUFMNT).

Remember that if you enter 0 (or blank) as the limit, no additional items can be posted negative to the account. If this is a "trouble" member you would like to remove from the courtesy pay program altogether, after setting the limit to 0 you should also lock the account so he or she is no longer considered for a new limit in the future.

"Open Memberships/Accounts" on the Member Service menu (MNSERV), then "Add New Sub-Account" (checking products only)

If you are creating a new checking account and would like to qualify this member to immediately be active in your courtesy pay program, use the fields on this screen to enter the amount and/or lock the limit so it is not changed by the monthly scoring program. This might be helpful when opening a second checking account for an existing member, to make both the older and the new account have the same negative balance privileges.

- NOTE: This feature is currently not available for savings products.

SETTING UP ANR-RELATED NOTICES

There are a number of configurable notices related to your credit union's ANR programs. First, for your collections follow-up efforts, you can set up aging parameters that will allow you to generate Courtesy Pay notices for your negative balance accounts at specified intervals of time. (See below for more information.)

In addition, you will also need to change your credit union's notice forms to add any additional notice events related to ANR and share draft processing, ACH processing, and ATM/Debit Card processing, to explain when ANR fees are assessed for incoming items posted to member accounts. (See Page 36 for information about these notice events.)

SETTING UP NOTICES, PRINTING NOTICES AND E-NOTICES

For additional details about adjusting event text and adding notice events to one of your credit union's printed notice forms, refer to the separate booklet, Member Notices: Configuring and Printing Notices and eNotices.

This booklet contains a deeper look at notices and eNotices, including:

- How to configure the notices forms and events so that they are ready to generate for members
- How to print the notices
- Rules for notice printing (such as the fact that notices are not printed for members with their address marked as a "Wrong Email Address" in the system)
- Information about eNotices
- And more!

Be sure to check out this booklet for more information. Access the booklet by clicking the link below:

http://www.cuanswers.com/pdf/cb_ref/Notices.pdf
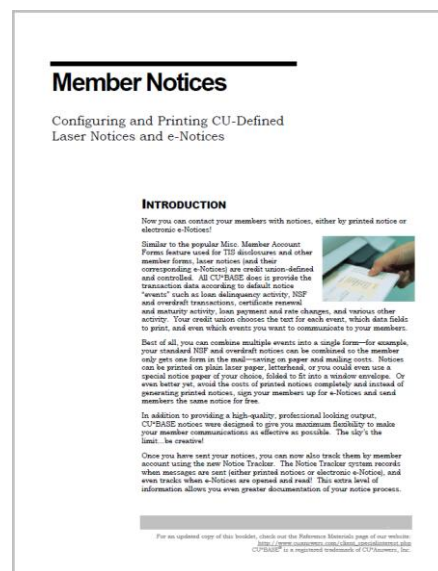
CONFIGURING ANR NOTICE SETTINGS

"ANR/Negative Bal Notice Config" on the Savings Products menu (MNCNFA)

This screen lets you define when notices should be generated for members whose checking accounts have gone negative as part of your Courtesy Pay program. You can also choose whether or not you wish to generate a Member Account Comment that will notify tellers and other staff with special instructions for these accounts.

Joint owners of these accounts will receive a notice when the account is delinquent to a selected delinquency level. This is to assist with joint owners who may not live at the same address as the owner of the account. Use the *Delinquency notice level for joint owner* to set this level. Select delinquency level 1-4. This field defaults to 0.

After entering all settings (see "Field Descriptions" below for instructions) use Enter to save and return to the menu.

Important Considerations

- **ANR Notices configured on this screen will be generated ONLY for products with the *Auto-update neg. bal. limits* box checked** in the Dividend Application configuration. (See Page 21 for instructions about activating this setting.) Therefore these notices only apply to share draft (application type SD, MEMBER2) accounts that run the ANR auto-scoring routines. In other words, your credit union must use auto-scoring features (even if only for deactivation) in order to produce negative balance notices.

    o You can select to exclude members from receiving ANR notices. See following section for more information.

- A negative balance notice will be generated for *all* monitored accounts according to the configured time periods, regardless of why that member was taken negative. There is no foolproof way for CU*BASE to know whether a negative balance is the result of an actual courtesy pay overdraft, or for another reason.

- A Notice Tracker is generated when any notice is sent.

- Negative balance comments will be purged automatically when the account goes positive.

- Remember that negative balance monitoring is done during the end of day processing. Notices are generated at this time. That means the notices are ready to print the next morning. You might need to take into account the amount of time it takes to print and mail notices and adjust the number of days accordingly. For example, if the members should <u>receive</u> the notice on the 15th day the account has been negative, you might want to set the "activate after" setting to 13 days or less to allow for printing and mailing the notices.

- Joint owners will receive notices at the delinquency level configured in the *Delinquency notice level for joint owner* field on the ANR notice configuration screen (shown on the previous page).

Exclude members from receiving ANR notices

You have the option of excluding certain members (i.e. members whose accounts were flagged for bankruptcy) from receiving Courtesy Pay (ANR) notices on their checking accounts. Block the sending of the ANR notice by checking the "No ANR notice printed" field in the Account Update screen for the member's checking account. When ANR notice processing is run, CU*BASE will skip all accounts with this flag checked. When a member's notice is unprinted, a Member Tracker will generate with a Memo Type of NA (NoPrint/ANRFlag) – see sample memo tracker below the following field descriptions. (NOTE: This feature is available only for checking accounts.)

Field Descriptions

Field Name	Description

Preset Levels
    Activate After
    Months or Days
	When a checking account has been negative for the specified number of months or days, the system will automatically generate the notice event that corresponds with the level.
	
	Remember to take into account the time to print and mail notices (see above).
	
	The system uses Notice Events ANR1, ANR2, ANR3 and ANR4 for negative balance notices corresponding to these levels. **These must be tied to one of your notice forms in order to actually print.**
	
	The purpose of the preset levels is so that a different notice can be generated depending on how long the member has been negative. Wording can become increasingly stronger and more insistent, with appropriate instructions included.
	
	Preset levels must be defined in order. For example, the Activate after amount for level 1 cannot be set to a higher number than level 2.

Produce negative balance comment after	This feature is used to generate a Member Comment alerting credit union staff about a negative balance situation. This comment would appear in the pop-up comments window used by Teller Posting, Inquiry and Phone Inquiry. Enter the number of days or months, or leave the field blank if you do not wish to produce a comment. If you do enter a time period, use the *Comment text* field to configure the text that will be used. > Remember, for this comment to have any value, tellers and other member service personnel must be instructed on how to respond should the comment appear.
Delinquency notice level for joint owner	Joint owners of these accounts will receive a notice when the account is delinquent to the delinquency level selected in

Field Name	Description
	this field. This is to assist with joint owners who may not live at the same address as the owner of the account. Select 1-4. This defaults to 0.
Comment text	Use this field to define the text that will appear in the Member Account Comments pop-up window when a checking account goes negative.

Sample ANR Notice Skipped Tracker

```
Contact - Date: 07/22/2016    Time: 09:16:01    By Emp: *A
          Name:                                 Memo Type: NA NoPrint/ANRFlag
ACH - Bounce Protection Fee
Account Number:
Transaction Date: 06/23/16
Fee Amount:      $35.00
Amount:         $114.88
ACH Company Name/Entry Desc.: Cherryland Elect
```

The following is a brief summary of the notice events involved in setting up an ANR notice.

ANR Notice Events: ANR1, ANR2, ANR3, and ANR4

In order for the ANR negative balance notices to print, you must add the following notice events to one of your credit union's configured notice forms: **ANR1**, **ANR2**, **ANR3** and **ANR4**.

Events can be combined onto a single form or separated. For example, if you want to include additional attachments when only certain notices are mailed (for example, sending repayment plan documentation with the 3rd and final notices), we recommend you set up a separate form for those notice events, rather than combining all events onto a single notice form. That way you can print each form separately as its own batch.

For additional details about adjusting event text and adding notice events to one of your credit union's printed notice forms, refer to the separate booklet, "Member Notices: Configuring and Printing Notices and eNotices."

Sample Event Text

Following is a sample of the default text for each of the ANR notice events. All events include the following account details in addition to the generic text shown below:

♦ Account Number

♦ Current Balance

♦ First Date Negative

♦ Last Deposit Date*

*NOTE: This refers to the last deposit transaction found in the available transaction history for the member's account; if no deposit is found in available history, this will show as 00/00/00 on the printed notice.

Remember that you must adjust this text (for example, to enter your credit union's own phone number) **then attach the events to the appropriate form(s)**.

ANR1	1st Notice of Overdrawn Account
	Your business is important to us and we want to remind you that your checking account has been overdrawn for 15 days or more. Your account balance is shown above. For the account to remain in good standing, please make a deposit to bring the account to a positive balance within ten (10) days.
	Your Courtesy Pay program will remain in effect, provided a sufficient deposit is made within ten (10) days. If you are having financial difficulties or were unaware of the situation and want to discuss this matter in greater detail, please contact a Member Service Representative at (999) 999-9999.
	If you have already made a deposit to your account, thank you, and please disregard this notice.
ANR2	2nd Notice of Overdrawn Account
	For the last 21 days or more, your checking account has been overdrawn by the amount shown. Our overdraft policy requires you to make deposits sufficient to cover all transactions and associated fees every 30 days. Since your account has been overdrawn for more than 21 days, you must make a sufficient deposit to the account immediately.
	Your Courtesy Pay program will only be in effect for 9 more days. If you wish to continue this program, you MUST make an immediate deposit sufficient to cover all your transactions and associated fees.
	If you are having financial difficulties or were unaware of the situation and want to discuss this matter in greater detail, please contact a Member Service Representative at (999) 999-9999.
ANR3	3rd Notice of Overdrawn Account
	Your checking account has been overdrawn for 30 days or more. We regret that until the account balance has been brought positive or satisfactory arrangements have been made, your checking account and associated privileges have been suspended. During this period, we will not pay any checks or other items presented for payment. However, all presented items will be charged our normal NSF processing fees. If you deposit funds sufficient to return the account to a positive balance we may reinstate your account and Courtesy Pay privileges.
	If you are having financial difficulties, we can help. You can use our Repayment Plan. This plan aids in maintaining your checking account by possibly allowing repayment of the overdrawn amount in installments rather than in one single deposit. For your convenience, we have enclosed a Repayment Agreement. This agreement also authorizes us to open a sub-account in your name, under the primary account number that holds the checking account and all owners of the account should read, sign, and return it to us within 10 days. By signing and returning the Agreement, we will reinstate regular account privileges, excluding Courtesy Pay privileges. Once you have satisfactorily repaid your obligation, you may request the Courtesy Pay privilege be reinstated.
	We value your business and hope you will continue to rely on us for your financial needs. It s very important that you either (1) make a sufficient deposit immediately to cover your overdrawn balance or (2) sign and return the Repayment Plan Agreement.
ANR4	Final Notice of Overdrawn Account
	For the past 45 days or more, your checking account has been overdrawn by the amount shown. In previous letters we asked you to give this matter your immediate attention and resolve this issue. As of today, we have not heard from you. Consequently, this letter serves as our final demand for repayment.
	YOU MUST MAKE A DEPOSIT TO BRING THIS ACCOUNT TO A POSITIVE BALANCE WITHIN THE NEXT FIVE (5) DAYS.
	Please call a Member Service Representative at (999) 999-9999 to discuss your particular circumstances. Otherwise we intend to close your account and report it to national credit bureaus and check collection agencies as being at an overdrawn status. This would make it difficult for you to establish an account at another financial institution to write checks. In addition, we may pursue all legal remedies available to us to collect this outstanding balance.

OTHER RELATED NOTICES

Share Draft Processing: NSFREP

Share draft processing (this includes bill payment items paid via a member draft) will use the same non-return fee notice (event **NSFREP**) that is used for items force-paid through share draft exception processing. You may want to change the verbiage to make reference to your "courtesy pay" program, if desired.

> We recommend you modify the text for the NSFREP event to make it generic enough to cover checks written manually by the member and created via bill pay.

If part of the funds are taken from ODP accounts, with the rest posted negative to the checking account, two notice events will be generated: one for the ODP transfer and fee (ODPSL), and another for the non-return fee (NSFREP). To make it easy for members to understand, we recommend that both of these events be tied to the same notice form, so that both will appear together on the form the member receives. (By default these events are both tied to the Checking ODP/NSF Notice form ODPNSF, so unless you have changed your form configuration, your notices should be ready to go.)

ACH Processing: ACHANR

For ACH debits that post an account negative, use the separate notice event **ACHANR**. This new event must be defined and added to one of your notice forms—either to your existing form for ACH NSF returns and overdraft protection or to the same form used for the share draft non-return notice event.

> *CU*TIP: The notice event for overdraft transfers (ODPSL) will now allow you to select Check Number to display on the notice, to help members determine which check caused the overdraft to occur. Keep in mind that if more than one check was presented that same day, only the first check number presented that caused the ODP transfer to occur can be shown on the notice. (You could alter the event text to explain this, if desired.)*

ATM/Debit Card Processing Notices: ATMANR

If your credit union uses ANR for your ATM/Debit Card activity, use a separate notice event: **ATMANR**. This event must be defined and added to one of your notice forms.

> *See Page 13 for instructions on activating ANR for ATM and Debit Card activity.*

POSTING TELLER WITHDRAWALS USING ANR

Refer to page 11 for more information about this feature.

If ANR has been activated for teller withdrawals, the teller system will automatically add the negative balance limit and subtract the configured ANR fee to compute the available balance shown on the main teller screen, and the box will be made available so a withdrawal amount can be entered:

The available balance of this checking account has been increased by this member's negative balance limit of $1,000, minus the $35 ANR fee.

HINT: If you need to see the available balance without the ANR limit factored in, use the Inquiry (I) process code.

For example, assuming an ANR Fee of $25, if a member has $15 in his account and a $200 negative balance limit, the available balance will show as $190 ($15 + $200 - $25 = $190). The teller system would allow a cash withdrawal (or a check, money order, or transfer) of up to $190, and an ANR fee would be posted the same as if a debit card transaction had cleared on that account.

When posting, if the withdrawal will take the person's balance negative, a warning message will appear for the teller. If the member does not agree to the fee, use ← to return to the teller screen to make an adjustment, or use Add/Update (F5) to post the transaction and fee.

> NOTE: If you have configured daily ANR fee caps, the warning *will* appear even if the fee might ultimately be waived due to the fee caps (the waiver routines cannot be run until the transaction is actually posted).

MONITORING NEGATIVE BALANCE ACCOUNTS

COLLECTIONS MONITORING

"Work Collections" on the Collections Processing (MNCOLL) menu

Items marked **NEG*** are accounts that have a negative balance limit on them. Select the item and choose **More info** to see the limit amount.

Accounts that are posted to a negative balance by ANR processing are worked through the Collections Inquiry feature. (To see these accounts, choose the *Work negative balance accounts*" on the initial screen.)

This inquiry shows all savings and checking accounts which currently have a negative balance, as of the last time collections data was monitored (during either end-of-day or beginning-of-day, depending on your credit union's system configuration). This includes accounts which are overdrawn, accounts that have been taken into a negative balance, possibly due to an automated transfer or other reason, and share accounts that have been taken negative because of automated non-return processing.

These accounts should be worked according to your credit union's normal procedures to bring the account balances back to a positive balance.

VIEWING NEGATIVE BALANCE LIMITS IN MEMBER ACCOUNT INQUIRY

Member Account Inquiry will show the *Negative Balance Limit* for this account as well as whether the amount has been locked so that it will not be changed by the automated scoring process.

> HINT: *If the amount is zero and locked, the member is probably a "problem" account that is not allowed to have automated negative balance processing.*

PRINTING A REPORT OF ACCOUNTS WITH NEGATIVE BALANCES

Use **_Trial Balance Select Information_** to print a listing of accounts with negative balances. On the first screen, enter your requested application types.

"Trial Balance Select Information" on the Reports B (MNRPTB) menu

Then on the fourth selection screen, select to report on only negative accounts by checking the *Only negative balance* checkbox.

Select to print only accounts with a negative balance by checking this checkbox.

Other criteria can be selected; these are just the ones that are necessary to print accounts with a negative balance.

Here is a sample of the report you will generate:

```
 3/09/09  13:20.50                          CU*ANSWERS CREDIT UNION                    LMBRT           PAGE      1
                         MEMBER BRANCH                MEMBER TRIAL BALANCE               DETAIL         USER ALYCIAM
                                                    REPORT AS OF  3/09/09
                                         ---------- LOANS ---------- (BOTH) -------------------- SHARES ----------------
   APPL     MEMBER      G/L     CURRENT LST TRAN INTEREST   DAILY  SCHEDULED   INT.   ACCRUED   DIV PD   DIV PD   DIV PD   DIV PD
   TYPE    ACCOUNT#  ACCOUNT#  BALANCE   DATE    DUE        INT.   PAYMENT     RATE  DIVIDENDS  1ST QRT  2ND QRT  3RD QRT  4TH QRT
   ----  ----------- --------- --------- ------- --------  -------- ---------- ------- --------- -------- -------- -------- ------
    SD   100000-070 903.00-01   248.80- 1/20/09                               .00%        .00      .00      .00      .00      .00
         JOHN MEMBER                        123 EASY STREET          ANYCITY, MI     49000-0000
    SD   123456-070 903.00-01   110.35- 1/16/09                               .00%        .00      .00      .00      .00      .00
         MARY MEMBER                        234 EASY STREET          ANYCITY, MI     49000-0000
    SD   234567-070 903.00-01     .97-  1/19/09                               .00%        .00      .00      .00      .00      .00
         JANE MEMBER                        569 EASY STREET          ANYCITY, MI     49000-0000  SD   456789-070 903.00-01
 113.54- 1/13/09                             .00%     .00       .00     .00      .00      .00
```

TRACKING NSF STATISTICS

The NSF History feature in Member Inquiry and Phone Software is used to view trends in a member's NSF activity over time. The idea is for these stats to show items that were presented to member accounts where the member did not have sufficient available funds in either his checking account or configured ODP accounts to post the items normally, regardless of whether the item was ultimately returned or not.

With the introduction of ANR processing, changes were made to the way in which these statistics are gathered, so that you can see a more detailed breakdown of a member's track record. Statistics will be updated at the time the items are <u>initially posted</u>, according to these rules:

- Includes items that were unable to post because the amount was greater than the *Available Balance* on the account at the time the item was presented. Includes uncollected funds (check holds), and secured balance amounts.

- Includes items that were not returned but were posted below the available balance on the account by the ANR system. (Will include items that were posted negative without a non-return fee if a non-fee tolerance amount is configured.)

- Does NOT include items that could not be posted because of a stop pay order or because of an account freeze. (Also does not include items that could not be posted because of an invalid account number or other problem with the incoming item.)

If items are subsequently force paid through the Share Draft Exception system or were able to be re-posted because of a deposit made after the items was originally presented, the system will not alter NSF statistics. **These stats were designed to give you a picture of what happened when the item was originally presented.**

This file also contains fee amounts for both NSF return fees and non-return (ANR) fees, so that they can be disclosed on member statements if configured by your credit union. (See Page 44 for instructions on configuring this feature.)

**Member Inquiry, then "NSF" (F13) or
"Update NSF Stats/Reg DD Fees" on the Update Functions 2 (MNUPDA) menu**

(A slightly different screen will appear depending on the access point selected.)

Session 0 CU*BASE GOLD Edition - NSF Statistics Summary														
Member MARY F. MEMBER									Branch 01					
Account # -110									Date opened Feb 20, 1980					
# of Occurences														
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Lowest Balance
2013		1	32	1									34	2,031.73-
2010				1		3				1			5	446.05-

■ Detail   ■ Transactions   ■ Fees

New Account
New Account Type

FR (384)

This balance represents the lowest balance that was caused by any item clearing during that year (does not include the fee, if any).

This screen shows a summary of all NSF items by year. Select a year and choose *Detail* to see a breakdown by system (Checks, ACH, Bill Pay) and process (# reversed, # posted below avail. balance). Or select a year and choose *Transactions* to see a list of the individual NSF transactions. Or select a year and choose *Fees* to see a history of NSF return and non-return fees charged.

Refer to CU*BASE Online Help for more information on the fields on this screen. To access the online help, click 🔲 *across the bottom of the CU*BASE screen.*

TRACKING AUTOMATED ACTIVATION / DEACTIVATION

The following reports will be generated if your credit union has configured the automated "scoring" system (see Page 20).

- NOTE: Automated scoring is not used currently with savings products.

Monthly Reports

These reports are run once on the 1st of the month when the automated activation/adjustment and reactivation routines are run. The first report shows any accounts where the *Negative Balance Limit* was changed. This would include any new accounts that were changed from $0.00 to the defined limit, or any accounts that were granted a larger limit according to the balance levels configured. The second report shows accounts that were reactivated after having been deactivated at some point in the past (notice the *Date ANR Deactivated* column).

```
10/01/03                                    CU*BASE TEST CREDIT UNION (ON)                              PANRACT    Page    1
15:58:04                              Monthly Automated Non-Return (ANR) Activation Report              User NADINET

Member Negative Balance Limits Activated/Changed:

                    Date        Date ANR    Date ANR    90-Day Avg Bal   90-Day Avg Aggr   Tiered Svc  Prev Neg Bal
Account Base  Type  Acct Opened Activated   Deactivated     This Acct    Bal (All Accts)     Level        Limit      **New Limit**
------------  ----  ----------- ---------   -----------  -------------   ---------------   ----------  ------------  -------------
         510   70    9/06/00    10/01/03                      3,600.37          3,600.37   BASIC              .00         300.00
         748   70   12/11/78    10/01/03                     10,572.39         10,572.39   BASIC              .00         300.00
         913   70    3/11/99    10/01/03                      2,421.66          2,421.66   BASIC              .00         300.00
         950   70    2/19/91    10/01/03                        718.33            722.26   BASIC              .00         300.00
```

```
10/01/03                                    CU*BASE TEST CREDIT UNION (ON)                              PANRACT    Page    2
15:58:04                              Monthly Automated Non-Return (ANR) Activation Report              User NADINET

Member Negative Balance Limits Reactivated:

                    Date        Date ANR    Date ANR    90-Day Avg Bal   90-Day Avg Aggr   Tiered Svc  Prev Neg Bal
Account Base  Type  Acct Opened Activated   Deactivated     This Acct    Bal (All Accts)     Level        Limit      **New Limit**
------------  ----  ----------- ---------   -----------  -------------   ---------------   ----------  ------------  -------------
        1000   70    5/11/84     7/01/03     8/15/03             .07               .07     BASIC              .00         300.00
        1014   70    4/16/67     7/01/03     8/10/03          273.67           1397.67     BASIC              .00         300.00
        1043   70    1/13/95     7/01/03     8/08/03         1048.21           2382.31     BASIC              .00         300.00
```

- NOTE: A column will show "N/A" if that parameter is not used in your configuration.

Daily Report

This report is run on a daily basis and shows all accounts where the *Negative Balance Limit* was set to $0.00, deactivating them from ANR processing.

```
10/01/04                                    CU*BASE TEST CREDIT UNION                                   PANRDAC       Page    1
0:52:21                             Daily Automated Non-Return (ANR) Deactivation Report

Member Negative Balance Limits set to $0.00:

Account Number    Member Name                         1st Date Negative    Neg. Balance Limit   Current Balance
--------------    --------------------------------    -----------------    ------------------   ---------------
   35031-010      MARY A MEMBER                            9/01/04                   700.00              4.00-
   38038-010      SUSIE   DEMEMBER                         9/01/04                   500.00              4.46-

                                               *** END OF DETAIL REPORT  ***
```

NSF/ANR STATISTICS DASHBOARD

The NSF Statistics dashboard gives CEOs a full picture of the NSF and Courtesy Pay income credit-union wide for an entire year. This dashboard contains data on transaction by channel according to fee amounts paid or occurrences the transaction was presented for an NSF or ANR fee. The screen calculates ongoing averages throughout the year and highlights measured deviations for researching surges and drops in activity. (Select the deviation at the top of the screen and view the deviations highlighted in blue to view the months where activity was outside the norm.)

"NSF Statistics Dashboard" on the Management Analysis Dashboards (MNMGMD) menu
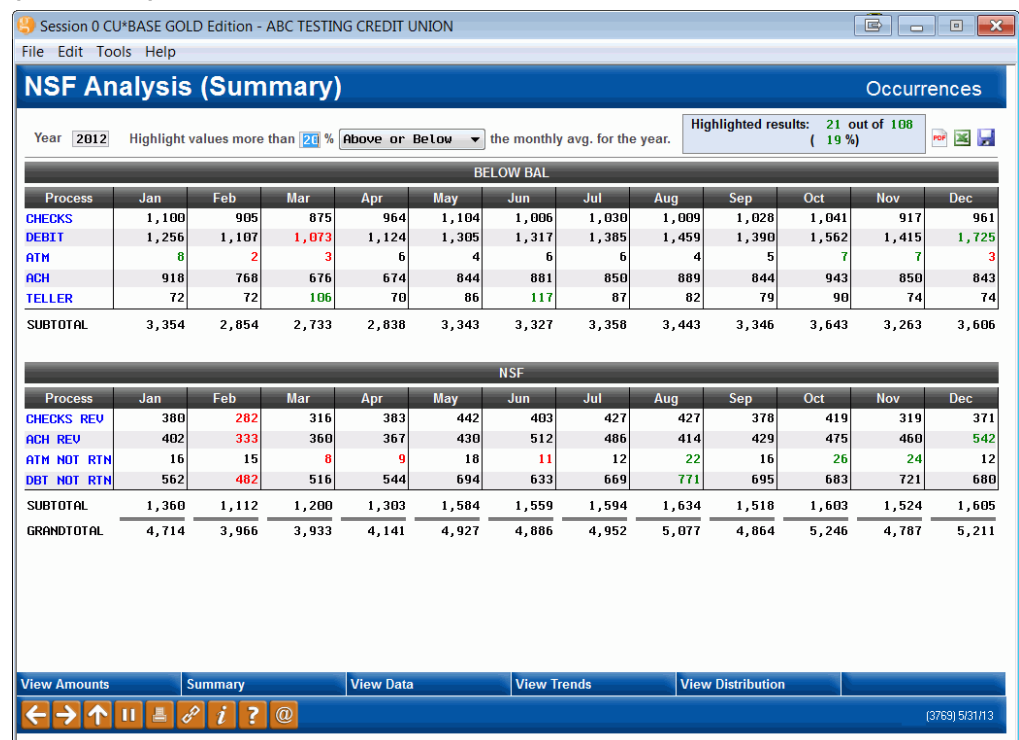
By clicking on a delivery channel, you can select to view a list of members who had a certain number of transactions falling within a month. You can even drill down further to view the data on an individual member. This way you can identify members who being most affected by your policies by their usage of your offerings.

Select Members with Frequent Usage

Graphs

The buttons at the bottom of the screen also take you to a Summary screen as well as colorful graphs of the data.
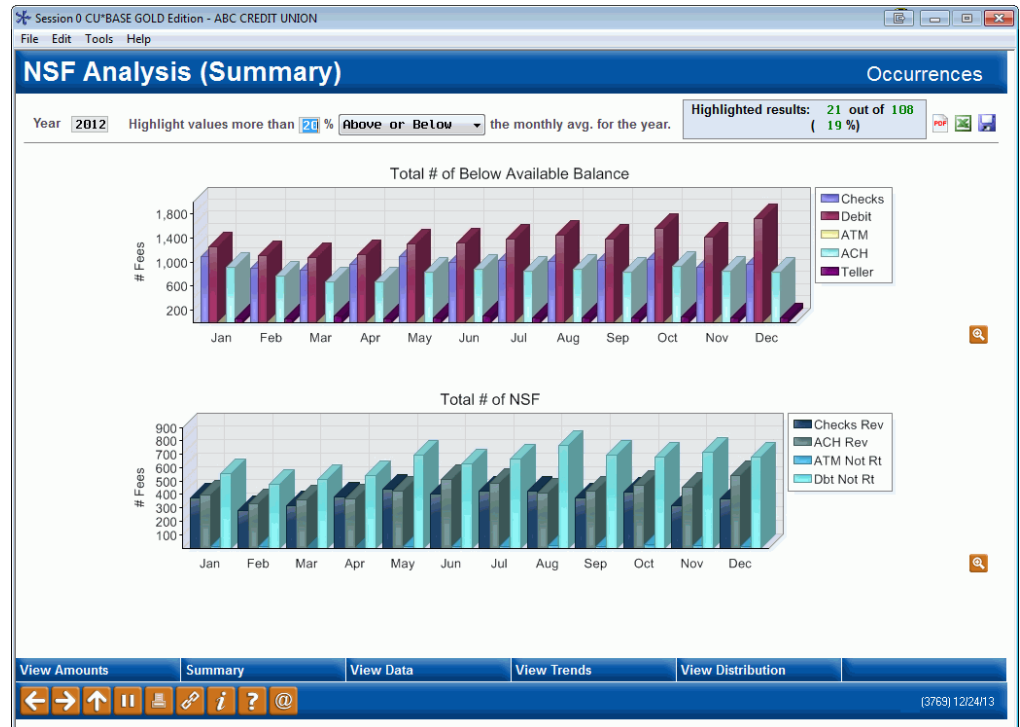
> *Refer to CU*BASE Online Help for more information on the fields on this screen. To access the online help, click* [i] *across the bottom of the CU*BASE screen.*

CHECK PROCESSING STATISTICS DASHBOARD

Another dashboard available on the Management/Dashboards menu (MNMGMT), is the Check Processing Statistics Dashboard. This dashboard can be used to monitor trends related to both NSF and ANR non-return activity and fees.

"Check Processing Stats Dashboard" on the Management Analysis Dashboard (MNCNGMD) menu

This section lists the number of transactions requiring ANR and a fee, if any).

Description	Check Amount		Fee Amount		# of Checks	
	ACTUAL	AVG DAILY	ACTUAL	AVG DAILY	ACTUAL	AVG DAILY
Total Checks in file	52,777,691	2,777,773			57,575	3,030.2
MEMBER CHECKS						
Total mbr checks received	39,977,356	2,104,071			55,044	2,897.0
Mbr checks posted	39,454,336	2,076,544			54,347	2,860.3
Mbr checks posted to neg bal	149,680	7,877	28,000	1,473	742	39.0
Not posted in 1st pass	523,019	27,527			697	36.6
Re posted	263,388	13,862			412	21.6
Force posted to neg bal	204	10	8,750	460	1	
Returned	231,921	12,206	7,805	410	265	13.9
CORPORATE CHECKS						
Total corp checks received	12,800,334	673,701			2,531	133.2
Corp checks posted	12,749,205	671,010			2,507	131.9
Corp check exceptions	51,128	2,690			24	1.2
OVERDRAFT TRANSFERS						
Transfers made 1st pass	4,918,358	258,860			2,729	143.6
From shares	4,799,585	252,609			2,397	126.1
From loans	118,772	6,251			332	17.4
Transfers made re post	8,017	421			17	0.8
From shares	7,889	415			14	0.7
From loans	128	6			3	0.1

CHARGING OFF SAVINGS AND CHECKING ACCOUNTS

CU*BASE automates the process of charging off a saving or checking account that has been at a negative balance and needs to be taken off your credit union books. This is similar to charging off a loan account, except that instead of keeping the account open as is done with charging off loans, this charge off screen automatically advances you to the step of closing the account and moving the money to a G/L.

This feature is especially helpful for credit unions offering courtesy pay to their members.

- Because of their unique properties, IRA and HSA accounts cannot be charged off using this tool. In addition, because of par value and other factors, this tool cannot be used to charge off the base membership share (000) account.

CREATING A "CHARGE OFF" POSTING CODE

A new Miscellaneous Posting Codes must be configured for this process. These charge off codes are used to charge-off savings or checking accounts that have a negative balance and need to be taken off the credit union books. They are used when charging off the account using the charge off option via **Charge Off Savings/Checking** on the Collections Functions (MNCOLL) menu.

"Misc Posting Codes Config" on the General Configuration 1 (MNCNFC) menu
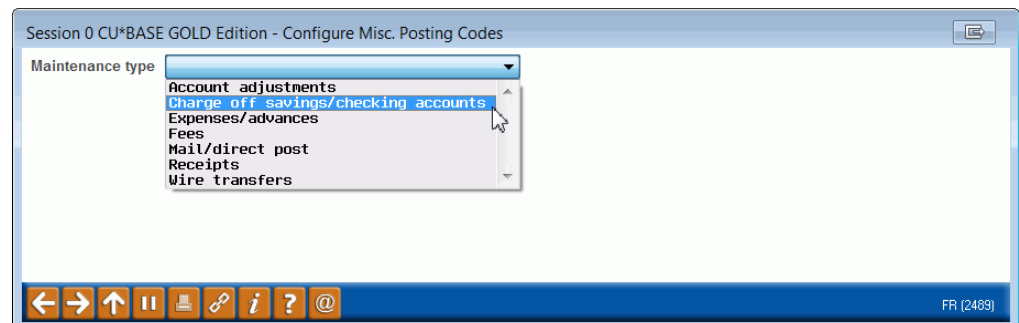
Select the *Charge off savings/checking accounts* to configure your charge off codes and press Enter. You will see a list of configured charge off codes.

Savings/Checking Charge-Off Codes List

Use *Add New Code* (F10) to configure an additional charge off code.

Code Configuration

This window defines a description of the code and the general ledger account to which transactions will be posted. When done entering the details for the code use Enter to save and return to the previous screen.

Field Descriptions

Field Name	*Description*
Code	This is the charge off code that is being configured.
G/L #	Enter the General Ledger account number that should be charged when the negative account is written off.
Description	Enter a description for the code. This description will appear in help windows used by various configuration and processing screens to display available codes.
Offset branch/location	The offset G/L defaults to be the same branch as the member uses (00); however, you can change this so

Field Name	Description
	that all entries go to the same location (for example, 01). This selection depends on whether you choose to do branch accounting or consolidate your entries.

CHARGING OFF THE ACCOUNTS

Once the miscellaneous charge-off posting codes are configured, you can use the Collections Processing menu to charge off the account.

"Charge Off Savings/Checking" on the Collections Processing (MNCOLL) menu

On the entry screen, enter an account with a negative balance that you would like to charge off in this screen and press Enter to move to the next screen.

Select a Reason for the charge of and enter a configured Miscellaneous Posting code (that is a configured Charge Off code). You can also choose to enter an optional secondary transaction description to help you identify the transaction record.

- If the account has funds in it, you will receive a warning message alerting you that the account must be brought to negative before it can be charged off.

DISCLOSING FEES ON MEMBER STATEMENTS (REG. DD)

Depending on your Courtesy Pay policies, you may need to disclose NSF Return fees and Courtesy Pay (Non-Return) fees on member statements, in accordance with Reg. DD requirements. Because these regulations are subject to interpretation and depend to a great extent on your specific non-return policies and procedures, CU*BASE has configurable flags so that you can control what, if anything, is disclosed.

If, based on your interpretation of the regulation and your credit union's Courtesy Pay policies, you wish to disclose fee amounts on your member statements, follow these steps:

1. **Choose Which Activity is Tracked**
   Modify your NSF Configuration (***NSF/OD Transfer Configuration*** then *Overdraft protection activation*) to indicate which origin codes will be counted in the fee totals. For example, you might need to report only fees that relate to share draft postings, but not include ACH or bill payment activity, based on your interpretation of the reg. as it applies to your situation.

2. **Change Statement Print Configuration**
   Contact a Client Service Representative and request the statement print flag be turned on. We will need your request *in writing* with an authorized signature so that we can update your statement configuration. (This can be for savings accounts, checking accounts, or both.)

   > *Self Processors can activate this flag using the Member Statement Config. command on menu MNOP09 (OPER #10, then #5).*

The system will track fees in the same file that is currently used to track NSF statistics (NSFAN). (Fees are tracked whether or not you choose to disclose them.) NSF History screens available through Member Inquiry will allow you to see the total amount of NSF return fees and the total amount of non-return (Courtesy Pay) fees that were charged. *(See Page 40.)*

   > *One thing to keep in mind: the system will update the fee amount in the history file every time a fee is actually charged. However, if you refund the fee later, history data will not be updated. This is consistent with the way NSF statistical counters already work. Remember that you can manually update NSF statistics/fee history as needed.*

Statements will print period-to-date and year-to-date totals at the end of the checking or savings account transaction detail section for each applicable account, as in the following sample:

SHARE DRAFT ACCOUNTS

045: SHARE DRAFT
Year-to-Date Divd Paid: .00   Joint Owner(s):   JANE DOE SAMPLE
Divd Rate: .00 %

Date	Transaction Type	#/ID Transfer Acct	Deposit	Withdrawal	Balance
1/01/09	*Beginning Balance*				**2,828.85**
1/02/09	ACH/(001) BNY MELLON		332.23		3,161.08
	PENS PMTS				
1/02/09	DRAFT 91818054	5395		25.00	3,136.08
1/06/09	DRAFT 15003235	5405		34.00	3,102.08
1/07/09	DRAFT 11043680	5406		56.70	3,045.38
1/26/09	DRAFT W/D	5425		20.00	1,279.97
1/26/09	DRAFT 90173544	5424		60.09	1,219.88
1/28/09	ACH/US TREASURY 303		1,800.10		3,019.98
	SOC SEC				
1/28/09	DRAFT 91091648	5426		316.00	2,703.98
1/31/09	*Ending Balance*		2,132.33	2,257.20	**2,703.98**

Cleared Drafts

Dft #	Amount
5395	25.00
5397*	100.00
5405*	34.00
5406	56.70
5407	291.09
5408	61.31

NSF FEE summary this period: .00   Year-to-Date: .00
COURTESY PAY FEE summary this period: .00   Year-to-Date: .00

OTHER EFFECTS ON DAY-TO-DAY PROCESSING

DRAFT POSTING SUMMARY REPORT (TNDDT2)

This daily report contains an extra line item showing non-return fees that were posted to checking accounts only. The actual checks themselves will be included on the "33-32 WITHDRAWAL, DRAFT" line.

```
 5/12/03  11.02.51                              CU*BASE TEST CREDIT UNION                          TNDDT2  PAGE     2
                                              DRAFT POSTING SUMMARY REPORT                                USER  JODYK
                                                 COMBINED CORPORATION                               WORKSTATION

 CODE/TYPE DESCRIPTION                         PROCESSOR 1            PROCESSOR 2            COMBINED

 33-32 WITHDRAWAL, DRAFT                         12,299.94                   .00           12,299.94
 53-32 DISBURSMENT, DRAFT                              .00                   .00                 .00
 32-30 DEPOSIT, DRAFT                                  .00                   .00                 .00

 32-27 DRAFT REVERSAL, INSUFFICIENT FUNDS         5,196.06                   .00            5,196.06
 53-27 O/C DRAFT REVERSAL, INSUFFICIENT FUNDS          .00                   .00                 .00
 WITHDRAWAL, DRAFT - ERROR EXCEPTIONS                  .00                   .00                 .00
 DEPOSIT, DRAFT - ERROR EXCEPTIONS                     .00                   .00                 .00

 13-48 WITHDRAWAL, OVERDRAFT TRANSFER                                                        1,085.24
 33-48 WITHDRAWAL, OVERDRAFT TRANSFER                                                           29.87
 53-48 DISBURSEMENT, OVERDRAFT TRANSFER                                                           .00

 32-26 AUTO TRANSFER, COVER OVERDRAWN BALANCE                                                1,115.11
 52-26 AUTO TRANSFER, COVER OVERDRAWN BALANCE                                                     .00

 33-36 WITHDRAWAL, OVERDRAFT TRANSFER FEE                                                         .00
 53-36 DISBURSEMENT, OVERDRAFT TRANSFER FEE                                                       .00

 33-46 WITHDRAWAL, AUTO NON-RETURN FEE                                                         160.00
```