

WINTER

# CU\*BASE<sup>®</sup> Software Upgrade

Online Credit Unions

Self Processing Credit Unions

**February 23, 2004**

**Week of March 15, 2004**

A CU\*BASE release in February? Yes! Our normal monthly GOLD update for online credit unions has been scheduled for Monday, February 23 (week of March 15 for self processors), and will include some changes significant enough that we are calling this a winter “mini-release.” This update includes several very significant enhancements to the CU\*BASE loan system. Be sure to pass this information on to all member service and lending staff!

## Loan Insurance / Amortization Rewrite

In addition to some terrific new calculation and insurance type options, this project has been another of those massive behind-the-scenes programming undertakings that will make the system much more flexible and expandable for the future. We have spent well over a year in the programming and testing tasks associated with all types of loans, with all types of insurance coverage. CUNA Mutual has been extremely helpful in verifying the compliance and accuracy of our calculations.

Many of the programs used to amortize loans and post insurance premiums have been completely revamped to make them work more smoothly and allow for the new features shown below.

Even if your credit union doesn't currently need any of these specific features, remember that the foundation programs that calculate loan amortization and insurance premiums are all new. We have successfully completed testing with CUNA, and have been conducting beta testing with several credit unions since January.

As always, a change of this magnitude will require a heightened awareness on your part. **Please keep a close eye on the way financed and premium amounts are being calculated for your new loans, and let us know if you see anything that looks out of the ordinary!**



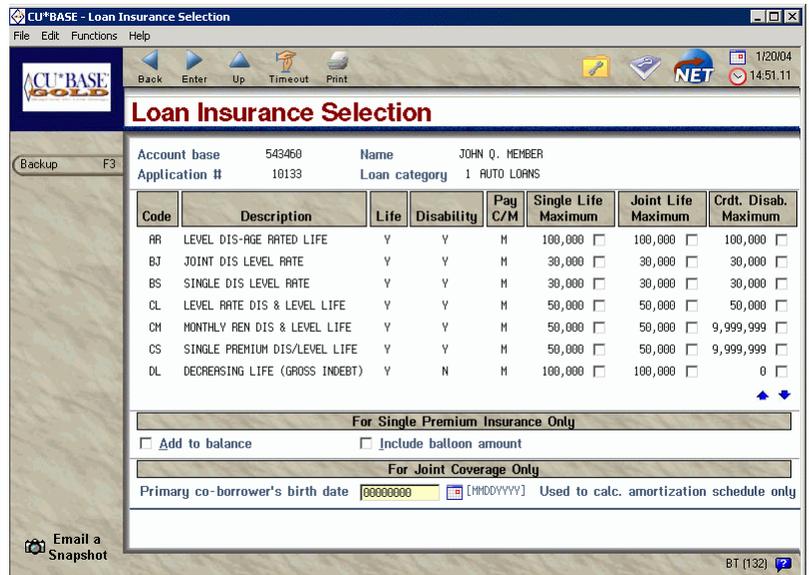
Details for all related screens will be available via CU\*BASE GOLD Online Help with the release.

## Insurance-Related Loan Amortization Changes

- When insurance is added to a loan request, the amortization calculation will now honor:
  - Age of the borrowers – both single and joint for disability and life
  - Maximum Loan Balance
  - Maximum Insurable Balance
  - Maximum Loan Term
  - Maximum Insurable Term
- **Insurance Configuration Changes** - New parameters and options are now available when configuring an insurance code (MNCNFB #18):
  - Ability to support new types of Credit Life based on a **Table of Rates**.
  - Added **maximum loan balance** amount separate from the maximum insured balance.
  - Added **maximum loan term** amount separate than the maximum insured term.
  - Added **disability days** for retro contracts (will be used only for loan form changes you request in the future).

**IMPORTANT:** If your credit union would like to implement a new type of insurance coverage, or modify your existing insurance codes to use any of these new options, please contact a CU\*BASE Client Service Representative for assistance in setting up your configuration and testing the amortization and premium posting routines for your loan portfolio.

- **File Maintenance Record of Insurance Code Changes** - When configuration parameters are changed for an insurance code, the system will write out a record to the File Maintenance log (CUFMNT) for future reference.
- **Loan Insurance Screen Changes** - The screen used to select insurance for a new loan request has been changed:
  - The screen has been simplified so that instead of typing in an insurance code, you can simply click the checkbox next to the coverage that is appropriate for the loan.
  - You will now see a field to place the primary co-borrower's birth date for calculating the joint insurance premiums. This field will be required if any joint insurance option is selected. (Remember that this date is used for the loan request amortization only. Once the loan is actually created, the birth date for the first additional signer record attached to the loan will be used for monthly premium calculations.)
  - For balloon loans with Single Premium Disability Insurance coverage, you can now specify for each member loan whether or not the balloon amount should be included in the coverage and calculated into the premium. (Your ability to offer this choice to your members will depend on your state regulations.)



- **Payment Change Calculation Will Include Premiums** - When payment changes are calculated (this can happen on disbursements or on any transaction, when variable rate changes occur, etc.), if the payment change method requires the loan to be re-amortized, the new payment amount will now include future insurance premiums.

**WARNING:** Because CU\*BASE did not previously include insurance premiums in payment change calculations, members may notice an increase in their payment amount the next time a new payment is calculated.

- **Adjustments for Borrower Age (Joint Life and Joint Disability)** - The system will look at the birth dates of both the primary borrower and the first additional signer. Rates will decrease from the *joint* rate to the *single* rate to *no coverage* as the borrowers meet the maximum age. This will happen in both the amortization program and the monthly premium posting program.

**NOTE:** When comparing ages for eligibility, during a member's birth month he or she is still considered eligible for premiums. For example, if the maximum insurable age is 66, and a member turns 66 during February, she will still receive a premium in February, and the coverage would change starting in March.

- **Messages When Coverage Not Allowed** - When a loan is amortized, the system will automatically give appropriate error messages for members or loans that are not eligible for insurance based on Age, Maximum Terms, Maximum Balances and Payment Frequencies.

## Monthly Insurance Premium Posting Changes

Because the amortization program now takes into account the age of the primary borrower and the first additional signer when calculating insurance premiums, and will automatically change the rate or drop the insurance as borrowers age, the monthly insurance premium posting program has been changed to do the same thing. This required some changes to the Monthly New/Level Rate Credit Insurance Premium report (TCUNA3):

02/03/04		CU*BASE TEST CREDIT UNION						TCUNA3			Page 1	
		Exceptions									User BARBC	
		Monthly Renew/Level Rate Credit Insurance Premium									Workstation BA	
		Report Month: FEBRUARY Run Date: 2/03/04										
		Company: CUNA/MO REN/SDIS/ 6/1/98										
		Contract # 021-0003-4										
Account Number	Loan Type	Member Name	Date of Birth	Terms APR	Orig/Rem	Original Balance	Monthly Payment	Loan Balance	Disb Prem	Single Life	Joint Life	Message
3767	775	MEMBER, FRED	9/13/49	13.500		5667.78	99.99	3035.11			3.49	ADD SIGN
7195	790	DEMEMBER, JANE	10/14/77	8.000	120 120.0	19643.87	216.69	18748.36	20.20	13.69		DIS TERM
11430	790	VANDERMEMBER, SUSIE	6/02/66	6.500	120 120.0	52400.00	517.65	47731.05	48.26	34.84		DIS TERM
15418	790	MEMBERSKI, JOHN	4/27/46	6.000	120 110.0	16000.00	173.59	14656.23	14.83	10.70		DIS TERM
15907	773	VAN MEMBERSMA, JOHN	6/05/37	5.500		22832.96	387.98	19920.17		14.54		JT TO SG
19078	790	MEMBER, SUSAN	3/02/39	5.500		82400.00	711.88	80784.56		54.75		LIF BAL

- The *Disb Prem*, *Single Life* and *Joint Life* columns will now show the premium amount posted, if any (same as the TCUNA2 report).
- **New Message: "JT TO SG"** - This message means one of the borrowers (either the primary borrower or the first additional signer) has passed the maximum insurable age. The premium calculation will automatically use the *single* rate on the insurance code. This message will appear on the report every month from that point on. (Once the remaining borrower reaches the maximum age, the message will change to read "DIS AGE" or "LIF AGE," meaning insurance coverage was dropped due to age.) Remember that the code on the member record does not change; the system simply starts using the single rate configured in that code.
- **New Message: "ADD SIGN"** - This message will appear if there is joint coverage, but no additional signer record can be found (or if the birth date on the additional signer record is invalid or missing). To repair this account, locate and update the Master membership record (or the non-member record) for the additional signer.

**NOTE:** Previously, you may have had loans with joint insurance where the primary borrower was too old to be eligible for coverage. Instead of your having to manually post the premiums, the system will now automatically post the correct premium. However, if no additional signer record is found (or the birth date is invalid), the message will read "ADD SIGN." You will either need to add the additional signer record or correct the birth date on the additional signer's member or non-member record.

## CU\*@HOME Related Changes

When members fill out a loan application in CU\*@HOME, they will now be asked to enter the co-borrower's birth date, so that it can be used to calculate the proper loan payment amount should they elect to add insurance coverage. This birth date is only used for displaying the loan quote to the member in CU\*@HOME; CU\*BASE will use the actual birth date from the additional signer record you attach to the loan for any future amortization calculations.

## Other Enhancements Not Related to Insurance

- **Quickly Calculate a Balloon Amount** - The Loan Information screen will now let you:
  - Enter the desired balloon amount, and the system will calculate the payment; or
  - Enter the desired payment, and the system will calculate the balloon amount; or
  - Leave both the payment and the balloon amount blank, enter both terms, and the system will calculate both the payment and the balloon.

This enhancement will help eliminate the "guesswork" so you can give members exactly the balloon loan they want.

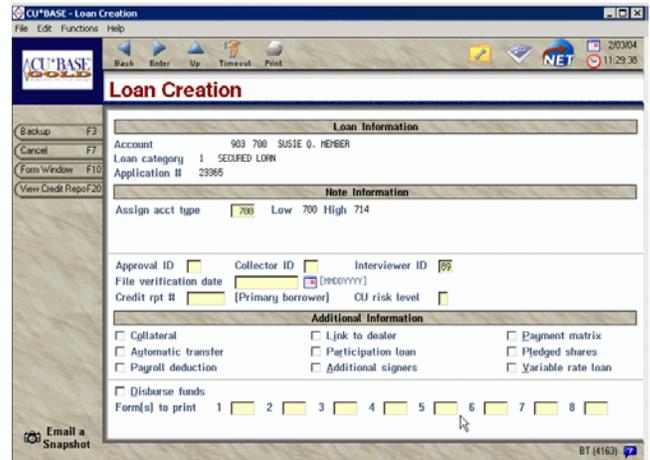
- **Balloon Loan Payment Frequencies** - Balloon loans can now be set up for payment frequencies other than monthly, such as weekly or quarterly.
- **Leap-Year Calculation** - Amortization routines will now consider leap year when calculating the payment schedule.

## Loan Creation Flow Changes

We have changed the programming "flow" behind the scenes for when loans are created, to alleviate occasional program data-mapping problems and to insure all the loan data necessary for loan forms is present and valid before the loans are printed.

When creating a loan, if *Disburse funds* is checked on the loan creation screen, funds will be disbursed before any loan forms are printed. This is so that the disbursement amount can be included on any loan forms, if appropriate.

You'll also notice the screen has been reorganized a bit to make it easier to use and ensure all steps are completed in the proper order.



## Participation Lending Enhancement

For credit unions that use the CU\*BASE Participation Lending software, we have added a new *Reference #* field to the participation loan record so that you can enter any alphanumeric reference code to help identify the loan (such as a Freddie Mac account number).

When printing the PLI Trial Balance and other reports, you will be able to list records using this reference number, to make it easier to work with your loan records.

*For complete information about all of the places where this new field will appear, see the updated "Participation Lending" booklet available on our web site.*

