Building the Factory

CLASSIFICATIONS MADE EASY

Find out about

LOAN
CLASSIFICATION!

DON'T HAVE THE TIME OR MANPOWER?

Xtend can do it for you!

Simple DIY Instructions Inside!

CU*ANSWERS
Management Services

Vol. 23: Loan Classification

This document and the following volumes are intended to give a credit union a complete road map to execute a cost effective and time saving process. This road map will take the user from the very beginning point all the way through to the end of the process and the evaluation of the process. This design will contain all the steps necessary to create the process, the steps to follow through to the end using the referenced CU*BASE options to mine the data and evaluate success.

What is the Campaign?

The Loan Classification module can be used in many different ways. We will show you the top three most common and handy ways to use the tool. One, estimate your loss on any suffix for funding your Allowance for Loan and Lease Losses (ALLL). Two, use it to track Troubled Debts Restructured (TDR). Three, use it to track specific accounts that require special handling. This should be viewed as another addition to your toolkit that will highlight capabilities of CU*BASE but make life easier as well!

1. You can take it upon yourself and follow the step by step instructions in the subsequent pages.

    -OR-

2. You can contact Xtend at 800-327-3478 or info@xtendcu.com and they will handle everything for you.
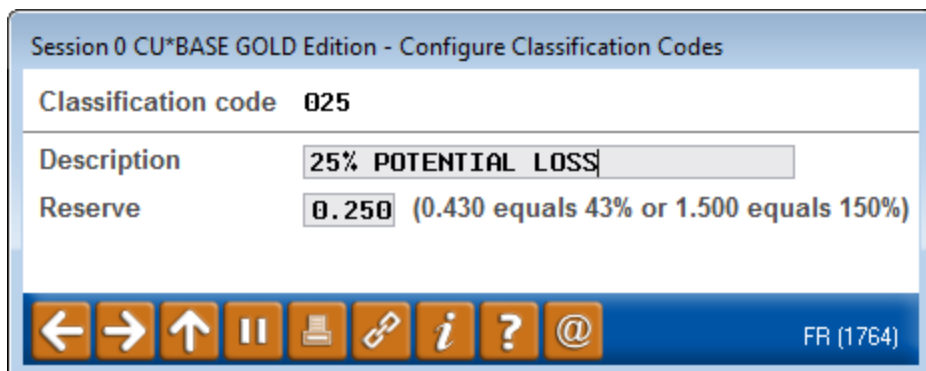
Getting Started

Before any of the three opportunities are taken by the credit union the following must be done. Set up the levels at which you want to calculate the percentage of loss on each suffix. You will need to decide what range of percentages you want to use i.e. 0, 10, 20, 30…; 0, 25, 50, 75, 100…; 0, 1, 2, 3….

1. Start by accessing the Loan Products (MNCNFB) menu
2. Select **Loan Classification Code Config**

Begin by entering in a code like 025 for 25% for an account that you feel will be a loss of 25% of the balance. Press Enter, fill in a *Description* such as "25 percent loss." In the *Reserve* field put in the percentage, for example 0.250 and press Enter. Repeat this for all other percentages. Make sure you have a zero percentage for an account that has been written off or paid off.

Check out online help for more information on setting up Loan Classification Codes:
http://help.cubase.org/cubase/cubase.htm#UCLASS-01.htm

Opportunity Analysis 1 of 3

Let CU*BASE track your accounts and create a report to fund your Allowance for Loan and Lease Losses (ALLL). Fast, easy and a big time saver!

How Do I Get Started?

Once the codes are setup you merely need to assign them to each suffix in jeopardy.

1. Start by accessing the Collection Processing (MNCOLL) menu
2. Select **Loan Classification Update**

Enter the Account Base and Suffix you are working on, press Enter. Assign the appropriate code from the list and press Enter again. Done!

Repeat for all others your need to classify. After this initial setup all you need to do is make adjustments if needed. Add new accounts that were not on the list last month, assign a zero code to those that paid off or were written off, adjust existing ones if the loss estimate changed.

How Do I Find the Target Group?

1. Open the Collection Processing (MNCOLL) menu
2. Next, select **Print Loan Classification Report** to print a report to send to your accounting team to fund the ALLL.

Session 0 CU*BASE GOLD Edition - Classification Code Report

Report Options	Response	
Process date	Oct 2014 [MMYY]	☑ Job queue
Sort by	○ Account ● Classification code ○ Loan category	Copies 1
Account #	from 000000000 Optional	Printer P1
	to 000000000 Optional	
Classification code	Select Optional	
Loan category	Select Optional	

FR (591)

How Do I Follow Up?

It is recommended this report be run on a monthly basis and the results given to the accounting department as this will be very helpful for budgeting purposes.

Opportunity Analysis 2 of 3

Let CU*BASE track your Troubled Debts Restructured (TDR) accounts and adjust as needed. As you know this is something that has regulatory implications every quarter. Why not get ahead of the game and save yourself (or your account department) some time!?

How Do I Get Started?

1. Open the Collection Processing (MNCOLL) menu
2. Select **Loan Classification Update**
3. Enter the Account Base and Suffix you are working on, press Enter
4. Assign the appropriate code from the list and press Enter again. Done!

Need Additional Codes?

Set up the codes to track TDRs for the required periods. We have some generally accepted codes in the list below.

1. Access Loan Products (MNCNFB) menu
2. Select **Loan Classification Code Config**
3. Input code like 901, press Enter
4. Fill in a *Description* like 'PCIL BUSINESS NOT R/E'
5. In the *Reserve* field leave it as a zero so it doesn't calculate any estimate loss from the previous setup. Repeat this for all other codes.

Session 0 CU*BASE GOLD Edition - Configure Classification Codes

Loan classification code [ ]

Code	Description	Classification %
200	TDR FIRST MORTGAGE 2013	0.000
201	TDR FIRST MORTGAGE 2014	0.000
300	TDR OTHER REAL EST/LOCS 2013	0.000
301	TDR OTHER REAL EST/LOCS 2013	0.000
400	TDR R/E ALSO BUSINESS 2013	0.000
401	TDR R/E ALSO BUSINESS 2014	0.000
500	TDR CONSUMER NOT R/E 2013	0.000
501	TDR CONSUMER NOT R/E 2014	0.000
600	TDR BUSINESS NOT R/E 2013	0.000
601	TDR BUSINESS NOT R/E 2014	0.000
700	PCIL FIRST MORTGAGE	0.000
701	PCIL FIRST MORTGAGE	0.000

■ Select   ■ Delete

TO (1763)

Session 0 CU*BASE GOLD Edition - Configure Classification Codes

Loan classification code [ ]

Code	Description	Classification %
750	PCIL OTHER REAL EST/LOCS	0.000
751	PCIL OTHER REAL EST/LOCS	0.000
800	PCIL R/E ALSO BUSINESS	0.000
801	PCIL R/E ALSO BUSINESS	0.000
850	PCIL CONSUMER NOT R/E	0.000
851	PCIL CONSUMER NOT R/E	0.000
900	PCIL BUSINESS NOT R/E	0.000
901	PCIL BUSINESS NOT R/E	0.000

■ Select   ■ Delete

TO (1763)

How Do I Find the Target Group?

1. Open the Collection Processing (MNCOLL) menu
2. Next, select **Print Loan Classification Report** to print a report to send to your accounting team to fund the ALLL.

Session 0 CU*BASE GOLD Edition - Classification Code Report

Report Options	Response		
Process date	Oct 2014 [MMYY]		☑ Job queue
Sort by	○ Account ⦿ Classification code ○ Loan category		Copies 1
Account #	from 000000000	Optional	Printer P1
	to 000000000	Optional	
Classification code	Select	Optional	
Loan category	Select	Optional	

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How Do I Follow Up?

This report can be utilized on a quarterly basis in preparation for the 5300 report. As mentioned in a previous volume - with the increased pressure from the NCUA to complete 5300 reports in a timely manner, why not be proactive? As each month passes it is recommended you update the TDR codes as necessary.

Opportunity Analysis 3 of 3

Let CU*BASE track special handling accounts like ones that have had documentation problems in the past. This will enable you to ensure nothing slips through the cracks and gets done in a very efficient manner. Take advantage of the tools CU*BASE has to offer!

What is the Campaign?

1. Access Loan Products (MNCNFB) menu
2. Select **Loan Classification Code Config**
3. Input a code like 413, press Enter
4. Fill in a *Description* like 'Poor documentation finding in the 2013 audit'
5. In the *Reserve* field leave it as a zero so it doesn't calculate any estimate loss from the previous setup
6. Repeat this for all other codes that might merit an auditor/examiner interest in the upcoming audit

How Do I Find the Target Group?

1. Open the Collection Processing (MNCOLL) menu
2. Next, select **Print Loan Classification Report** to print a report to send to your accounting team to fund the ALLL.

How Do I Follow Up?

This is a report that is done on an as needed basis. It can be used to track accounts that were an audit issue in the past to verify correction or compliance. It can be useful to run prior to an audit as an easy tracking tool.

Campaign Form

Don't have time to complete this or another campaign yourself? Let Xtend do the work for you. Assuring we meet and exceed your expectations is very important to us. The information below will be utilized for quality assurance purposes. This form serves as your formal written consent for Xtend to deliver messages using the CU*BASE Member Connect Program on your behalf. Once completed please return to the Business Support Representative Team via email to info@xtendcu.com

☐ I agree to all of the terms & conditions of this Member Connect message request, as specified above.

Credit Union Name		Date Submitted	
CU #		Employee Name	
CU ID		Email Address	

Campaign Topic	_____ *(Example: Auto Loans)*	
Campaign Date (Preferred Option week - 1)	Week of _____	
Campaign Date (Preferred Option week - 2)	Week of _____	

Form of Outbound Communication

Outbound Calls	☐Yes ☐No	**It's Me 247** Online Banking Secure Message	☐Yes ☐No
Email Message	☐Yes ☐No	Lobby Banners	☐Yes ☐No
OBC Post (only available for Member Reach clients)	☐Yes ☐No	Mailer	☐Yes ☐No

CU*Answers Management Services

Discover More!

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