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!
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.
2. 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.
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.
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.
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 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.

<table>
<thead>
<tr>
<th>Credit Union Name</th>
<th>Date Submitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>CU #</td>
<td>Employee Name</td>
</tr>
<tr>
<td>CU ID</td>
<td>Email Address</td>
</tr>
</tbody>
</table>

**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**

<table>
<thead>
<tr>
<th>Outbound Calls</th>
<th>☐ Yes ☐ No</th>
<th>It’s Me 247 Online Banking Secure Message</th>
<th>☐ Yes ☐ No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email Message</td>
<td>☐ Yes ☐ No</td>
<td>Lobby Banners</td>
<td>☐ Yes ☐ No</td>
</tr>
<tr>
<td>OBC Post (only available for Member Reach clients)</td>
<td>☐ Yes ☐ No</td>
<td>Mailer</td>
<td>☐ Yes ☐ No</td>
</tr>
</tbody>
</table>