Volume 28: Loan To Value Analysis Report

Building the Factory

WHEN TO REMOVE PMI

Find out how to
INFORM MEMBERS TO REMOVE PMI!

DON'T HAVE THE TIME OR MANPOWER?

Xtend can do it for you!

Simple DIY Instructions Inside!

CU*ANSWERS Management Services

Building the Factory

Vol. 28: Loan-to-Value Report PMI Cancellation

This document and the following volumes are intended to give a credit union a complete road map to execute a marketing campaign. 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 campaign. This design will contain all the steps necessary to create the campaign, the steps to follow through to the end using the referenced CU*BASE options to mine the data and track the sales success.

Opportunity Analysis

If you offer private mortgage insurance (PMI) on you mortgages, you are aware that borrowers are able to request their PMI to be cancelled when the mortgage reaches 80% loan-to-value (LTV). At 78% LTV, you are required by Regulation Z to drop the PMI for them. This must be done regardless of the member requesting or not.

Not having a PMI premium as part of their monthly mortgage payment can mean significant savings for the borrower. With the information contained in the volume you will have an opportunity to make your members aware of their current LTV being at or approaching 80% LTV. You can further educate them about their ability to request cancellation. They will certainly appreciate the notice, and will likely be seen as a gesture of good will by the credit union. Building a positive rapport helps keep members for life! This benefit is twofold as it is also an opportunity to manufacture opportunity.

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.

What is the Campaign?

Contact current members with a current first mortgage with your institution, whose LTV is, or will soon be, at 80%.

Making these members aware of the ability to request cancellation of their PMI will lower their monthly payment at the earliest time. An added bonus is that this provides you with a cross sell opportunity! You can make them aware of new lending opportunities. These are members that have their first mortgage with you, and who have built up a good payment history on their mortgage. They now have 20% equity in their home, which they could use to their advantage. They may have other lending needs that now could be taken care of since their mortgage payment will be lowered by the monthly PMI premium.

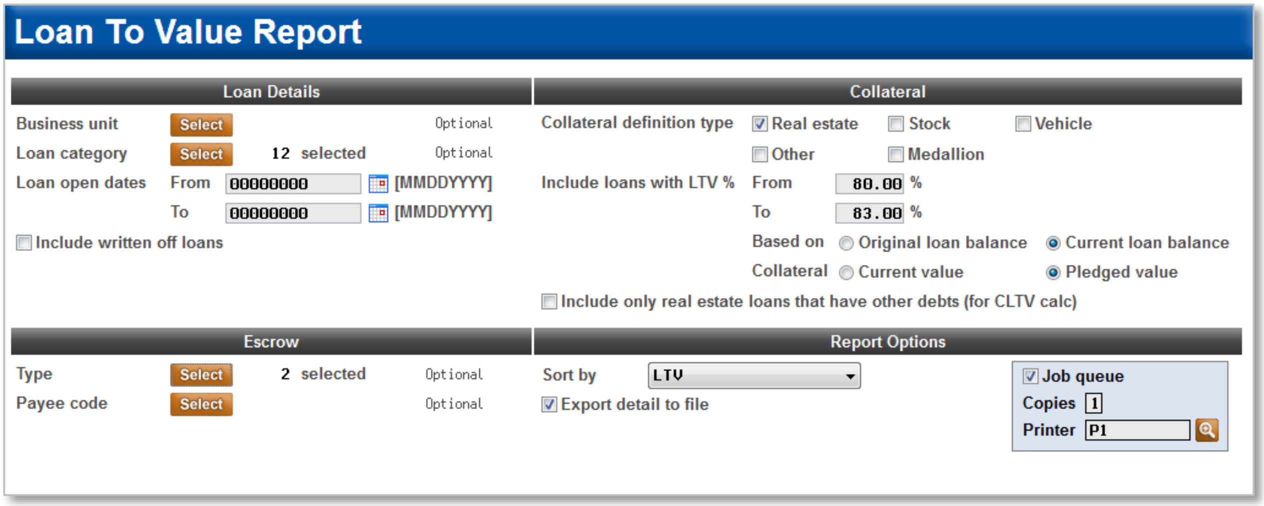
How Do I Find the Target Group?

1. Begin by accessing the Reports (E) (MNRPTE) menu
2. Select **Loan-to-Value Analysis Report**

This report shows loan-to-value ratios on your loans accounts. We will run the report so that the mortgage loans are included that have PMI, and for which the LTV based upon the Original Value and the Current Loan Balance is at or appoaching the 80%.

Entering the Selection Criteria

1. **Loan Category:** Select all of your first mortgage loan categories.
2. **Loan open dates:** Leave this blank, so the report will reflect all current open mortgage accounts. Remember, even if the first mortgage has recently been opened, there is an opportunity to offer a second mortgage
3. **Include written off loans:** Uncheck
4. **Collateral definition type:** Real Estate
5. **Include loans with LTV %:** From 80.00% to 83.00%
6. **Based upon:** Current loan balance
7. **Collateral:** Pledged value
8. **Include only real estate loans that have other debts (for CLTV calc):** Leave unchecked
9. **Escrow Type:** Select PMI
10. **Payee Code:** Can be left as is
11. **Report Options:** Sort by LTV
12. **Export detail to file:** Check
13. **Export Selection:** Accounts for Member Connect



Other Considerations

You could expand the range of LTV's to a higher percentage than 83%. This will increase the number of potential members to reach out to, however it will take longer for those members to reach the actual 80% required for them to request PMI to be canceled.

Generating the List for Member Connect

Once you checked the Export selection to Accounts for Member Connect the system will prompt you to enter a file name; this will create a database file in your QUERYxx library.

Note: Selecting to Export the record for Query will create a database file with the information seen on the screen and all records will be included. Selecting to Export to Member Connect will create a file that includes only Account Base and will eliminate any duplicate records (preventing you from calling the same member twice for a single campaign.

What Do I Do with the List?

Once you've created your database file, select the ***Member Connect*** button on the screen. From here, you will have a variety of options depending on the resources available to you, and the method you choose to use to market to these individuals. Start by entering your newly created file in the *File name* field.

Sending an Electronic Communication

1. Enter the name of the database file created in the previous step. (This must have been stored in your credit union's QUERYxx library.)
2. Click the "Online banking and/or email message" button and press enter to continue.
3. Here you have several creation/selection options:
    - If you have performed this campaign before and have already saved a message for this campaign, select the message and select the *Send* button. Go to Step 8.
      OR
    - If this is the first time you are performing this particular campaign, select *Create* (F6).
4. Enter a two-digit *Message type*; this must be a letter and a number or two numbers—two letters are reserved for messages from the Master Message Library.
5. Enter the *Message subject* "**Option to request cancellation of PMI**" This text will appear in the subject line when the message is sent as an email message. Enter to continue.
6. Now you are on Member Connect Message Maintenance screen. Here you can enter or edit the text of the message. Enter your text as follows:
   We appreciate your current mortgage business with _______________ Credit Union. We want to make you aware that your current mortgage balance is scheduled to reach 80% of the original appraised value. At the 80% Loan-To-Value, you may submit a written request to us to cancel your Private Mortgage Insurance. This can result in significant financial savings each month! To find out more, call us at (___) ___-____ or visit us online at ___________________. Thank you for being a member of _______________ Credit Union!
7. Select Save Changes.
8. Now you are ready to send the email or **It's Me 247** online banking message. Select the message and click the Send option.
    - **IMPORTANT:** All email messages will have the Signature Line message (SL message) text automatically appended to them. Editing the Signature Line or (SL message) is similar to editing a message. *SEE ALSO:* Editing the Signature Line (or SL Message).
    - **TIP**: In your Signature Line, you may want to include text explaining how a member can "opt out" of receiving future marketing email messages. This can be done by having them "opt out" using the two options on the Info Center|Contact Preferences page in **It's Me 247**.
9. Select to send the message via *Priority*. This will send the message to members with email addresses first, and then to members with online banking accounts without email addresses. Set a comment purge date one month out from the current date.
10. Click *Send* (F5).
    - NOTE: Online banking messages will only be sent to members who have already logged into online banking.
11. Press Enter to confirm your sending.

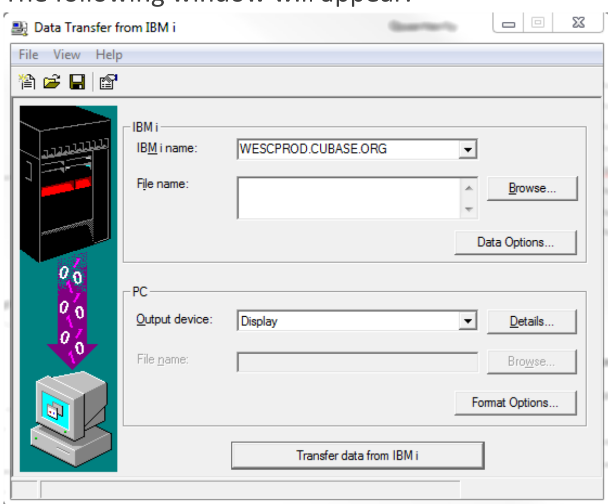
HTML Email

If you chose to send your message in HTML you can do so by following the steps below. Note: you should never download account numbers. Whatever you send out of CU*BASE, you will want to bring that information back into CU*Base. For example, opt out and returned emails.

Download File

After running the applicable queries, follow the steps below:

1. Speed Sequence - MNFILE
    a. Press enter
2. Option - 1 – File Download (iSeries to PC)
3. The following window will appear:

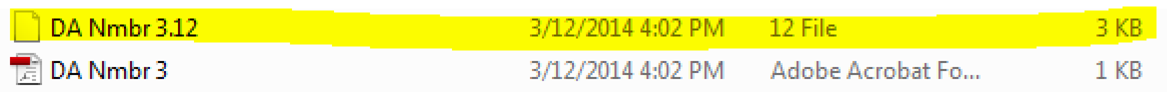


4. In the IBM i name field type the following:
    a. PROD → WESCPROD.CUBASE.ORG
    b. Site Four → PROD.SITE-FOUR.COM
        i. In the File Name field type QUERYXX/MBRRXXXX#
            1. MKTGCMPGN
5. Click the properties icon → 
    a. Check box for “Convert CCSID 65535”
        i. Click “Apply”
        ii. Click “OK”
6. Next to “File Name” field click “Browse” button
7. In the “Output device” field under the drop down, select “File”
    a. Save
        i. Name File in the following format
        ii. File name + MM/DD, for this example; MKTGCAMPGN+Date
8. Click ‘Transfer Data from IBM i’
    a. If PROD, use your CU*BASE login credentials
    b. If Site Four, use the XTENDMR login credentials

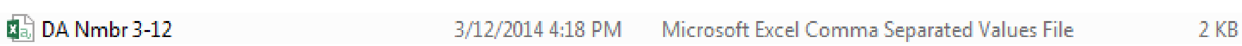
Converting File

Prior to uploading your file to the HTML platform you must convert the file to a .CSV file. The steps below will show you how to convert your file. .

1. Open new Excel document
2. File - Open - Browse for Appropriate file with NO DESIGNATED File Type



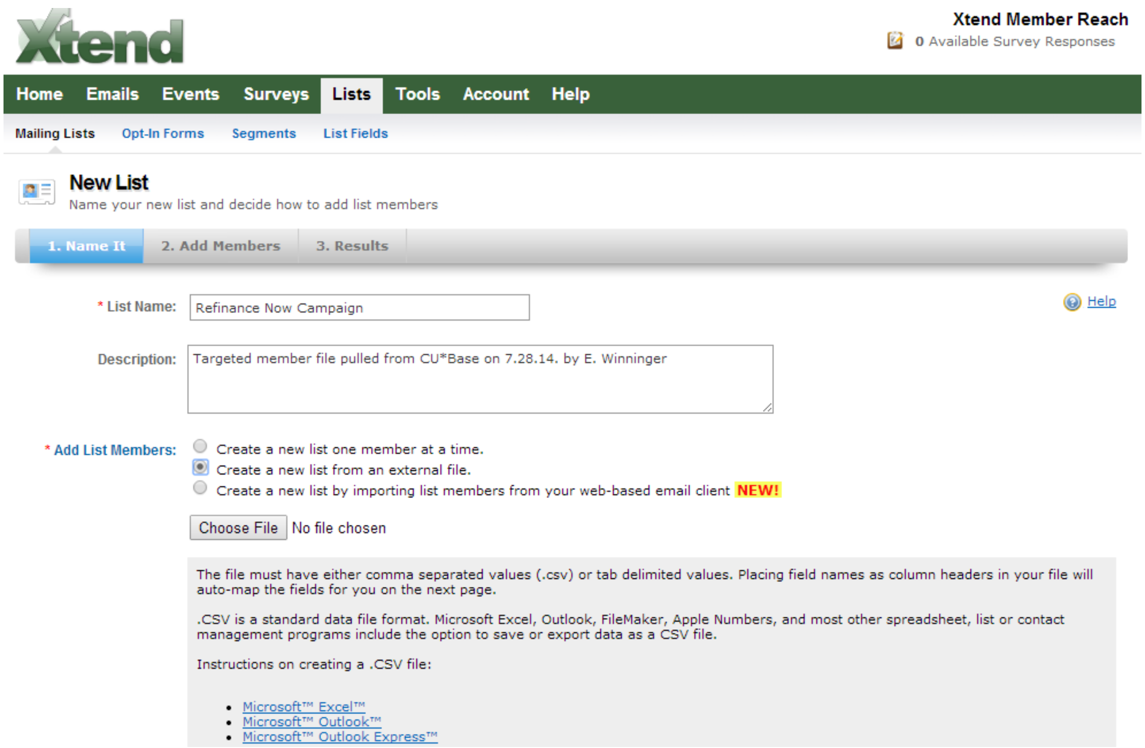
3. File - Save As - Save Document as .CSV
    a. Will be labeled as CSV (Comma Delimited)
    b. Save your file with a name that is standard and includes the date the report was run, for example:
    c. Before continuing, open your file and verify that your file only contains email addresses and NO account numbers have been downloaded.



Sending From Your Preferred HTML Vendor

You will need to log into your HTML platform and upload your list of members to contact.

1. Select “List” at the top of the screen, then “New” from the dropdown.
    a. Agree to the terms and conditions
2. Name your list and place a brief description of the target audience
3. Select “Create a new list from an external file.
4. Click on “Choose File”
    a. You will then need to locate and link the .CSV file you downloaded from CU*Base
5. Once your file is linked hit the “Next” button.

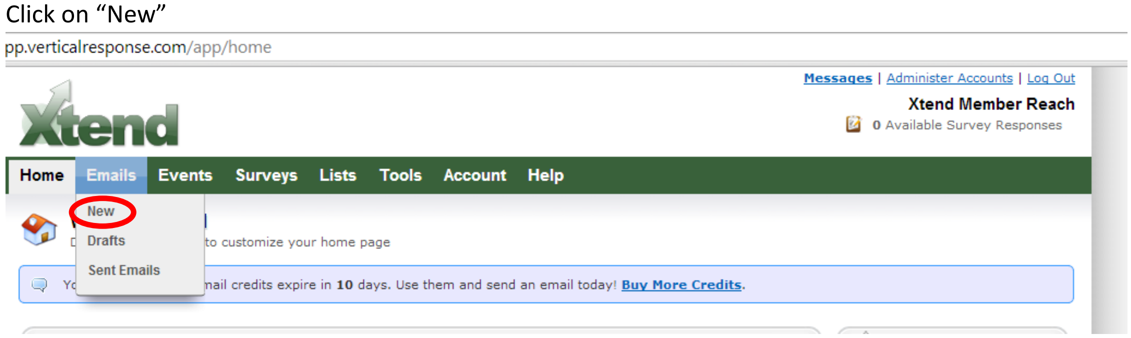


6. From here you have uploaded your list, named it and it is ready to marry with your message and send to your members.
    a. Tip: Be sure to verify that the # of member's and the # of email addresses uploaded are the same.

Creating & Sending Your Email

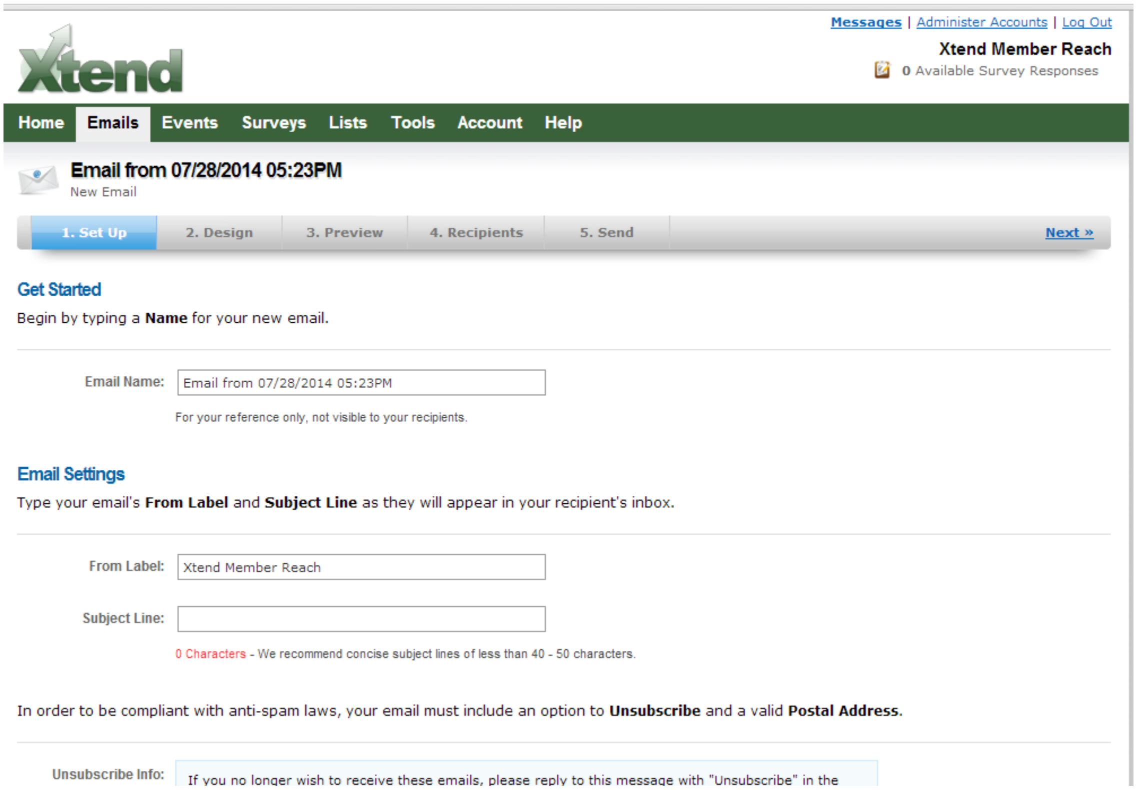
At this point you are now ready to upload your list to the HTML user platform, create your email and send it to your audience.

1. Hover your mouse over "Emails".
    b. Click on "New"



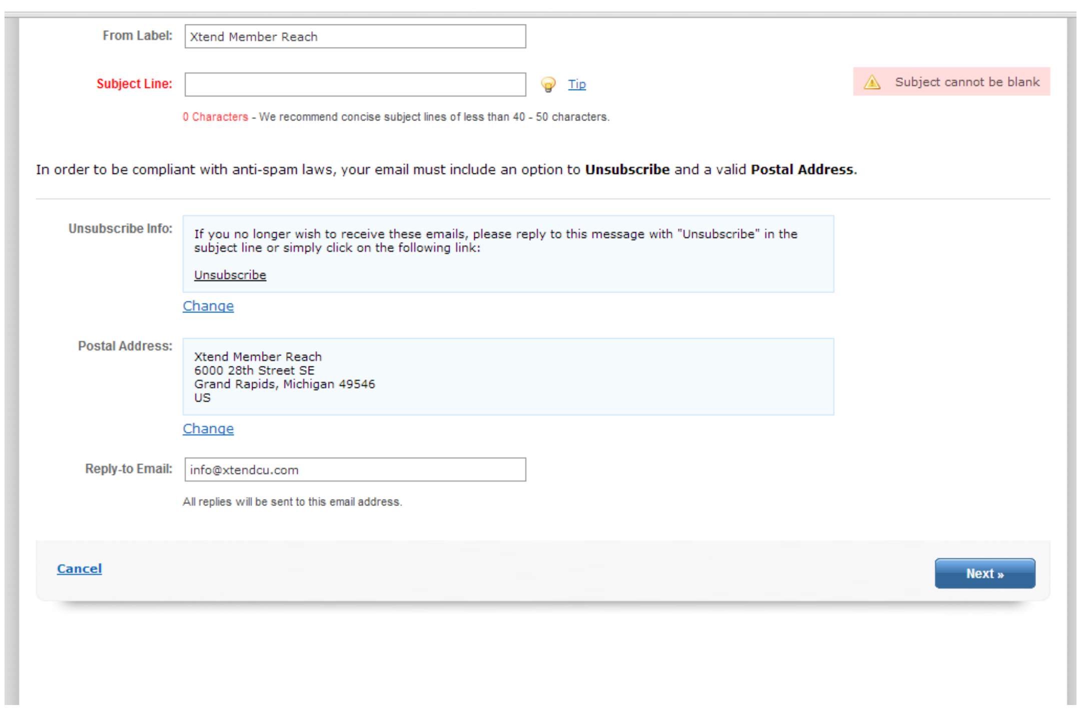
2. From this screen you see that it is fairly strait forward. Create the:
    a. 'Name'
    b. 'From label'
    c. 'Subject Line'
    d. Name the email, be sure to use a standard name, such as "Campaign + Send Date"

e. Subject line – chose something that will grab your readers attention

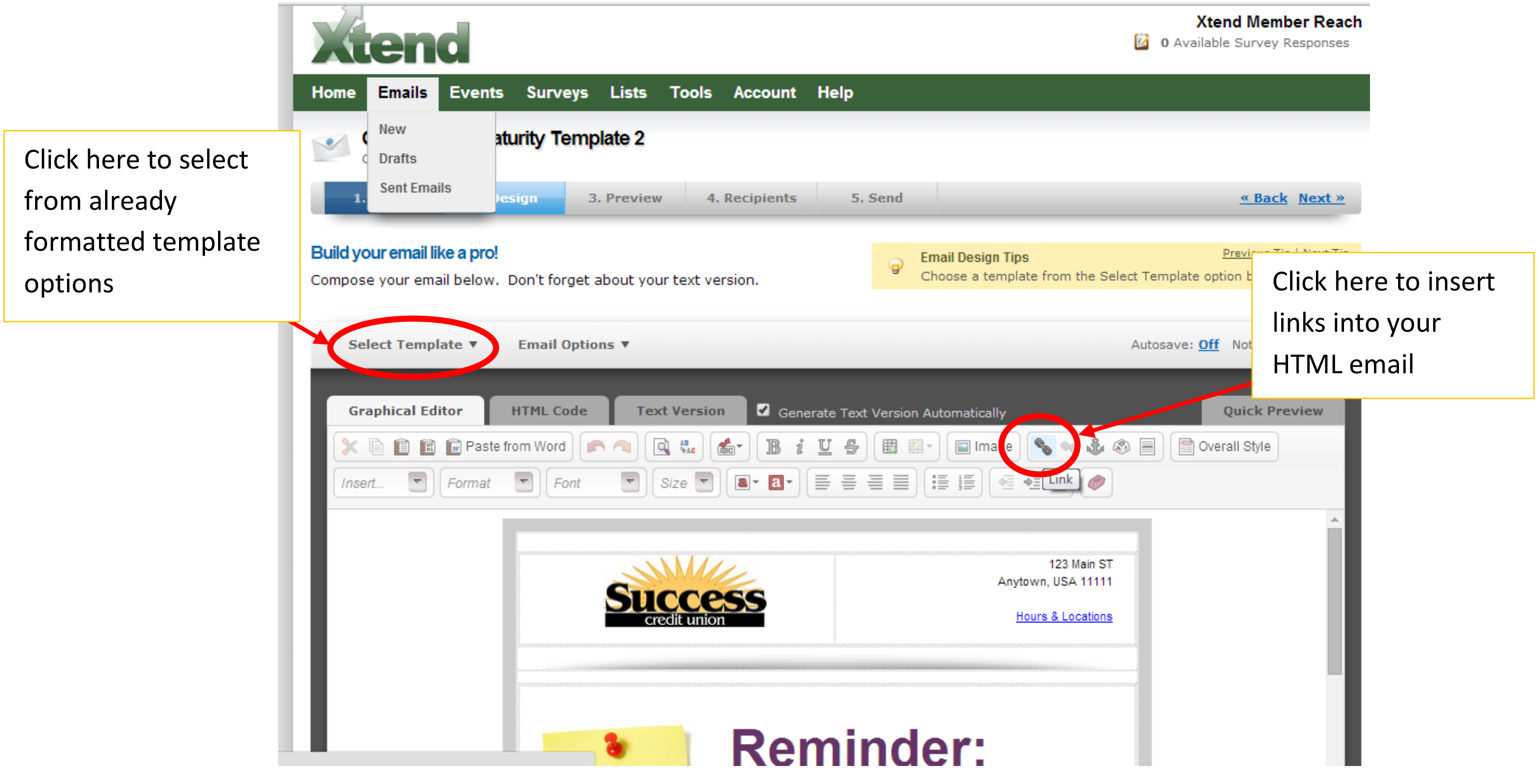


f. Check the unsubscribe language and confirm your reply to email address.

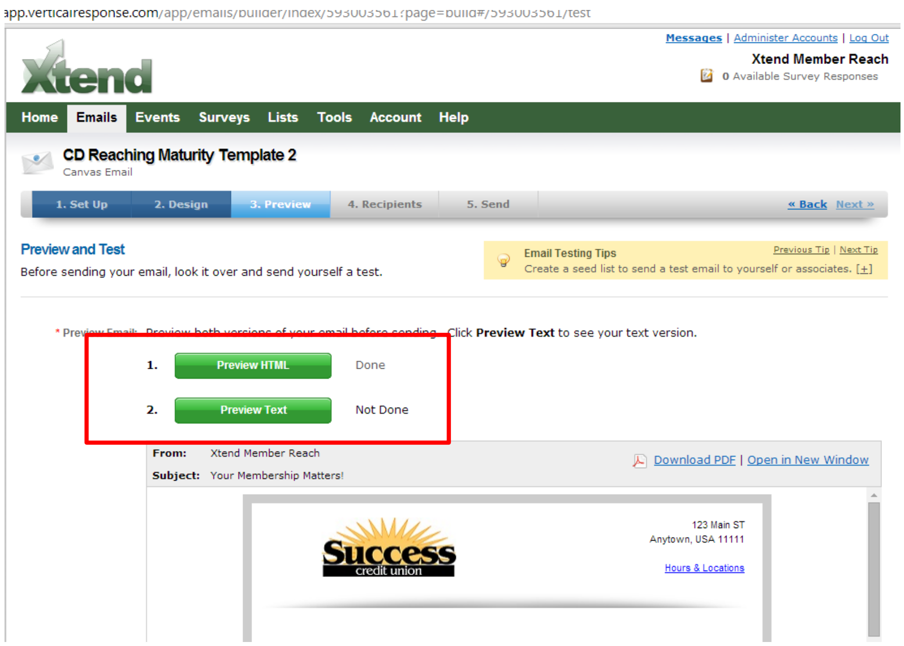
3. Click "Next"



4. Choose your email template by clicking on “Select Template”. There should be several theme’s and templates pre-populated for you to choose from and modify. You can also write the HTML code write in your HTML platform.
5. Be sure to include links in your email to inspire action in your members. You want to drive the member to a page that allows them to interact with you. For instance, if you are trying to get them to apply for a loan, you should link them to the page on your web site that allows them to apply for a loan online.



6. Once you have your email created, including your credit union logo, verbiage and links, hit “Next”.
7. You must now test the HTML email.
    a. Preview the email in HTML
    b. Preview the email in Text

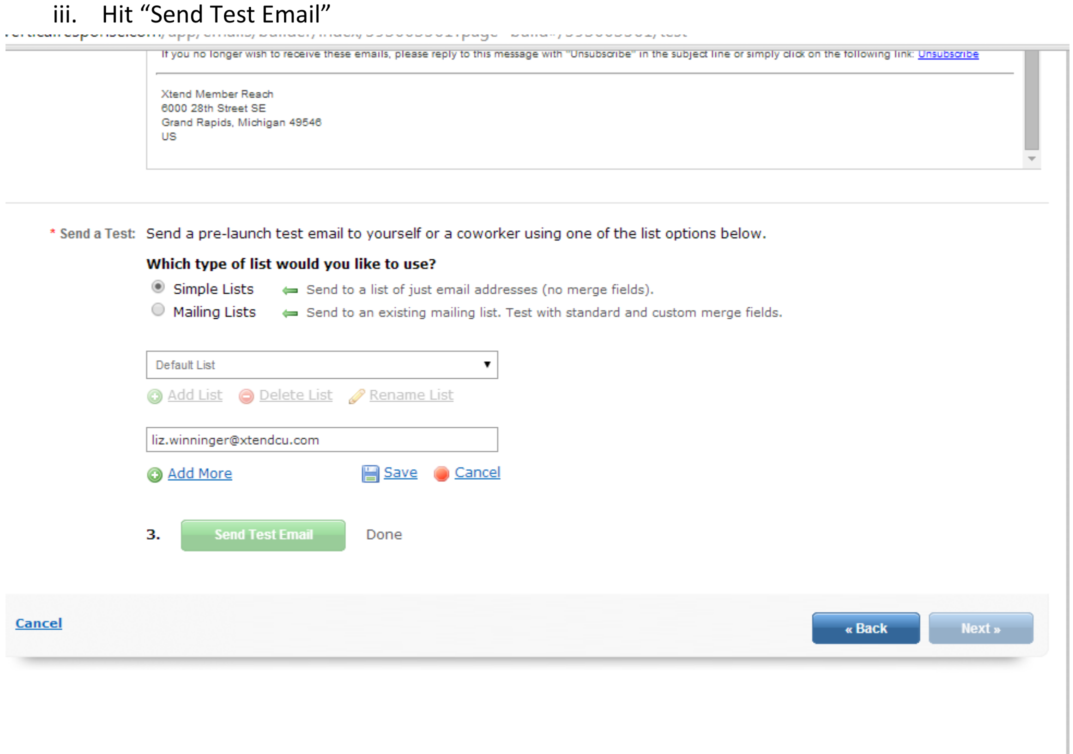


c. Then, send yourself a test copy of the email.

i. Enter your email address

ii. Hit “Save” right below the email address

iii. Hit “Send Test Email”



8. Preview your test email and review to be sure:

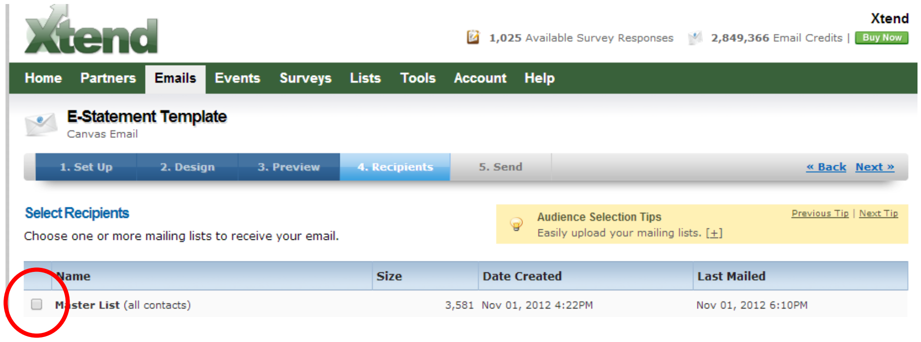
a. Your links all work

b. You text is free of errors

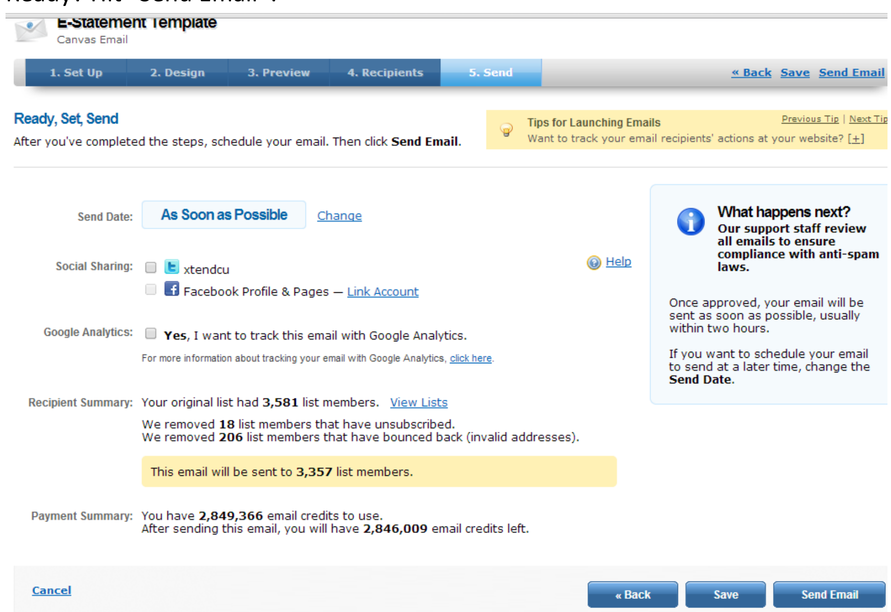
c. The look is what you want

d. If you need to fix the email click the "Back" button, make the revisions and repeat the steps above again.

9. Your email is ready to roll! Click the "Next" button.
10. Select the mailing list you created for this marketing email and hit next.

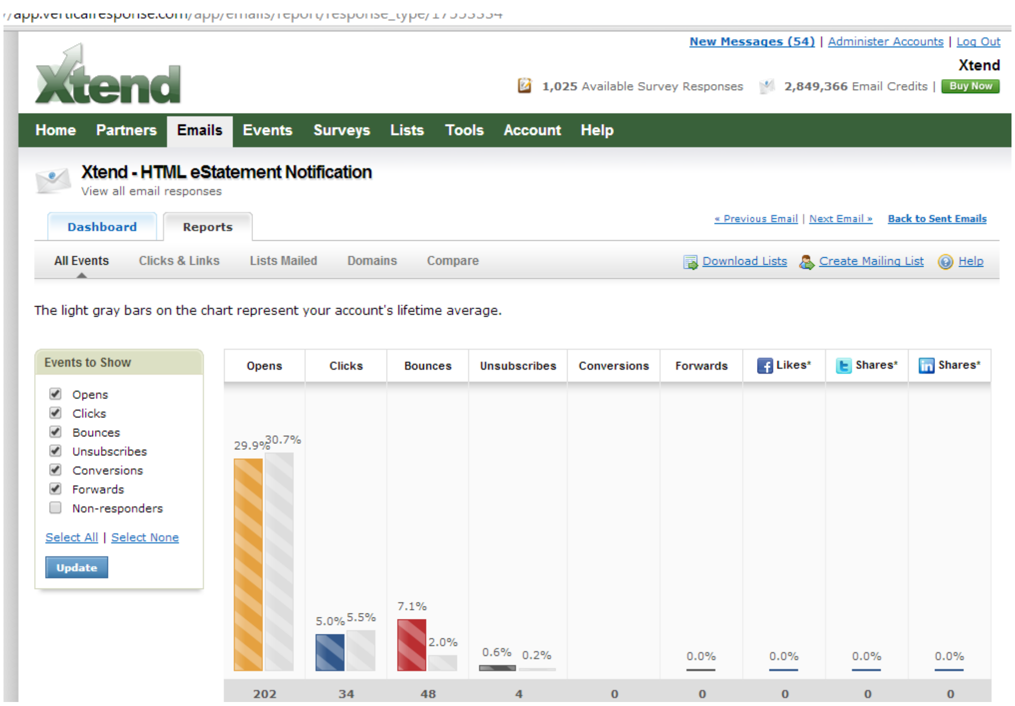


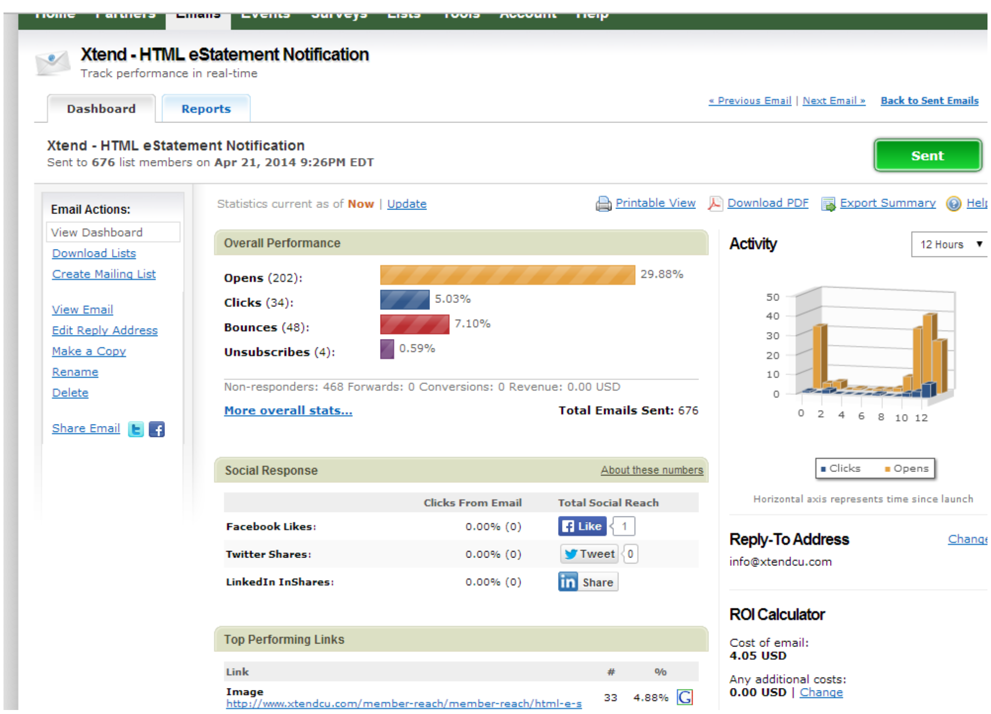
11. From this screen you will want to:
    a. Select the date and time you would like the email to send
    b. If you would like to link the email to your social media feeds, check the boxes for the social media you would like to post the information to
    c. If you would like to track the email using your Google Analytics, check the option next to the Google Analytics box
    d. Ready? Hit "Send Email"!



Reporting

The great thing about HTML platforms is the reporting features. When a member receives the email and clicks to open the email, it is tracked in our reports. The same is true if the member clicks on a link within the email. The "click through" rate is documented. We can map the member's patterns and interests by using the reports. There is even an ROI calculator within the platform. Even more exciting is that you know **who** clicked on the link or opened the email. The reports provide you with the email address of the members who clicked to receive more information, such as a member who clicked to view more information regarding a car loan rate, or members who wanted to read more about a broker program. You can even track members who share the message on social networking sites. Entire campaigns can be generated around these reports. Below are examples of reports. All reports can be exported to excel or pdf.



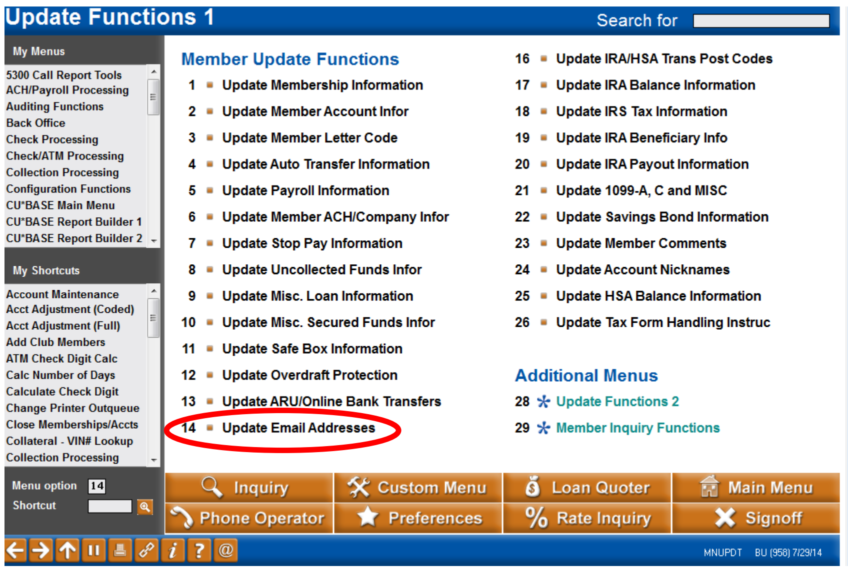


Processing Unsubscribe Requests

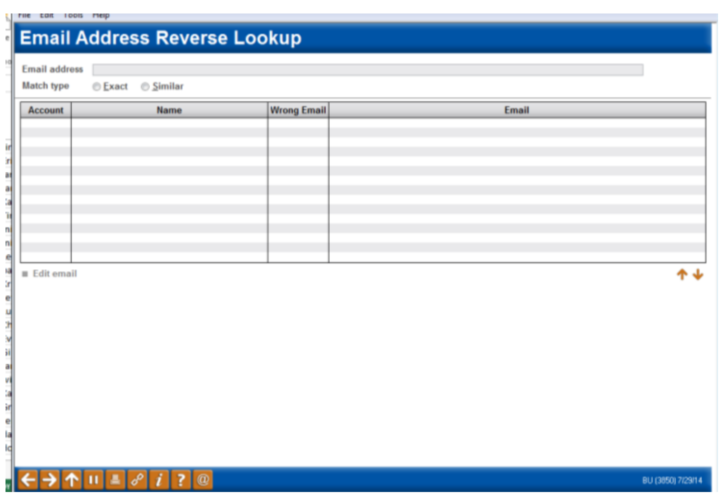
You are not quite done yet. You will receive unsubscribe requests from your members from this point forward. Expect approximately 7% of your entire membership to opt out of member marketing. Below is the process you will follow and must continue to monitor in order to stay compliance. This process is our unsubscribe process, it is to unsubscribe all members who choose to opt out or unsubscribe from these messages. This process is exactly the same when using an HTML platform, you just collect the member opt out list from your available reports in the HTML platform.

Something to note: Some messages will never be opted out of. For instants, eStatement notifications will always be delivered to a member, whether they opt out or not.

1. Open CU*Base
2. MNUPDT → #14



3. Enter email address into field, press ENTER.
   a. Select "Exact"
   b. Note: If you have trouble finding the email address, choose "Similar"



4. Double click on name matching email address information
5. A screen containing the member email address will appear. Hit F14/ Name Address.
6. Select MISC tab at the bottom left on the screen
7. Select "CU Contact opt out" box and ENTER twice.

You have now unsubscribed or opted out the member, however you are not done. CU*Base will always keep your member in the opt out group of members, unless that member ask to be opted back into marketing. However, CU*Base does not store a permanent log of the above process for longer than 3 months. Therefore you must place a tracker on the members account so you have a permanent audit trail on the account. This is extremely important for auditing purposes. It is also valuable for credit unions who choose to call the members who have opted out of marketing information to confirm that this was, in fact, the member's intention. Continue on…..

8. Go back to the main menu screen.
9. F2 for Phone Operator.
10. Enter member who you just opted out's Account Number.
    a. If there was more than one name that was associated with the email address you can repeat steps 9 – 11 and select 3rd party opt out box. No further tracking for 3rd party opt-out.
    b. If there are more than one email addresses per credit union back up to Email Address Reverse Lookup screen and just copy and paste the next address and repeat.
11. Highlight the Select Primary Savings Account/Share Savings (000), then select "Inquiry" at the bottom of the screen.
12. Select "Tracker Review" (on left hand side of menu).
13. If there is an existent Sales Tracker (ST) highlight it and hit the "update" option.
14. If no sales tracker, Tracker Entry on left hand side of menu
15. Key word/phrase: Sales Tracker
16. Tracker Type: (CU Specific)
17. Enter
18. Memo Type: (CU Specific)
19. Enter: Member requests to unsubscribe from email contact. Please verify their request.
20. Hit F5
21. Follow-up date: Current date
22. Need Group: (Cu Specific)
23. Task # (CU Specific)
24. Person to call back: Unsubscribe Tracker Employee ID

Reporting Tools Available 24/7

CU*BASE provides a report 24 hours after the Member Reach message has been sent, as well as an end of month report. These reports can be used at board meetings. Follow these steps to access your report in CU*Spy:

1) Login to CU*BASE Hit ESC on your keyboard
2) Select Option 4 "CU*Spy Daily Reports".
3) Enter the report name: Daily Report: PCMMSG Monthly Report: PMBRSUM
4) Select a date range: For example: 03/03/2014 - 03/24/2014
    a. Monthly reports are typically available between the 1st through the 4th of the month
5) Hit the Search Button Select the Report Scroll to the bottom of the report

Creating a Call Campaign

Prior to initiating a call campaign, you will need to ensure that the proper cross sales configurations have been set up.

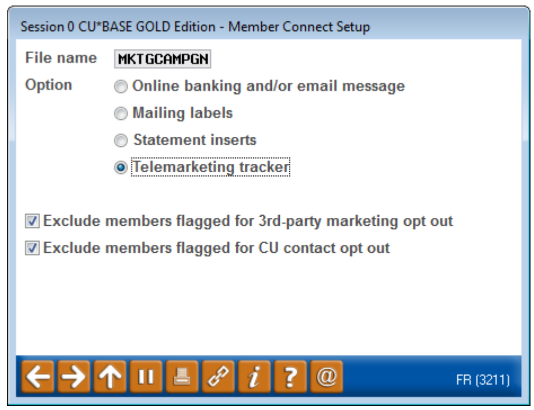
Configuring Cross Sales

In order to use the Member Connect tool to create a sales tracker for a telemarketing campaign, you must first complete the following steps:

1. Create a Cross Sales Tracking Need Group for the campaign
2. Set up the tasks associated with the Need Group

These can be configured in **Configure Cross Selling Tools** on the Member Tracker Tools (MNTRAK) menu. Check out the *Cross-Selling Credit Union Services & Next Suggested Product* booklet for more information.

Using Member Connect to Create a Telemarketing Tracker



Once the cross sales need group and tasks have been set up, you can use Member Connect to create a telemarketing tracker for the purposes of a call campaign.

You can get to the Member Connect tools via the Member Communication (MNPRTC) menu as well as through the Credit Report Data Mining tool.

Enter the file name created, select *Telemarketing tracker* and press Enter to continue.

This will bring you to the "Generate Trackers from Database File" screen. From this screen, you'll be able to set the details for the sales tracker that will be created on the member record.

Create as tracker type: ST – Sales Tracker

Create as memo type: IN – Initiate

Tracker key word: "Sales Tracker"

Warning! If you enter a Tracker Key word that is different from an existing Tracker Type, you will create a new Tracker. This will not, for example, be appended to the member's Sales Tracker. It is recommended that you enter Sales Tracker here.

Tracker follow-up date: Enter the date by which the first round of calls should be made.

Tracker text: Member may request to cancel PMI. Talk with this member about second mortgage today!

Tip: Cross sales tasks can be configured with tips, which could include the call script.

Assign telemarketer ID: Enter the ID of the individual who will be making the calls.

Tip: Too many records for one person? Assign the follow-ups to a generic employee ID that multiple people can work off.

Assign cross sales need group: ____

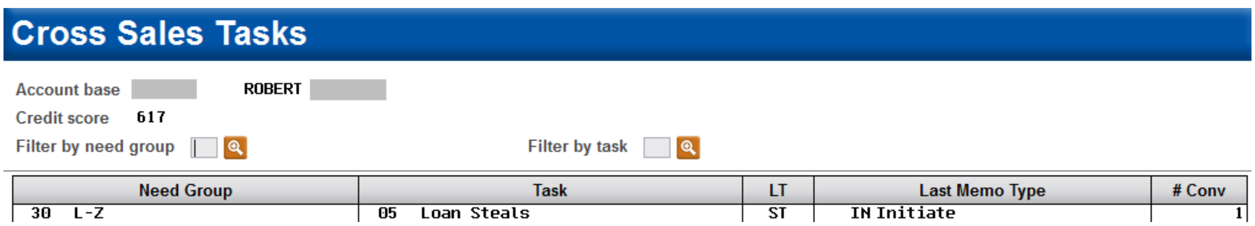
Assign cross sales task #: ____

Once the information has been entered on this screen, you will go to a final confirmation screen that will also print a report of the members for which a new tracker was created. They are now ready to be worked!

Working the Cross Sales and Completing the Call

Once the trackers have been created, calls can be initiated either from Work Follow-ups or from the Cross Sales screen for that member. (You can use the report that was generated when creating the trackers to go through the list.)

In "Work With Follow-ups" select a record and click on *Cross Sales*. Here you will see the Cross Sales task that was set-up and that can be worked.



Once the call has been made, record the conversation based on the results of the call.

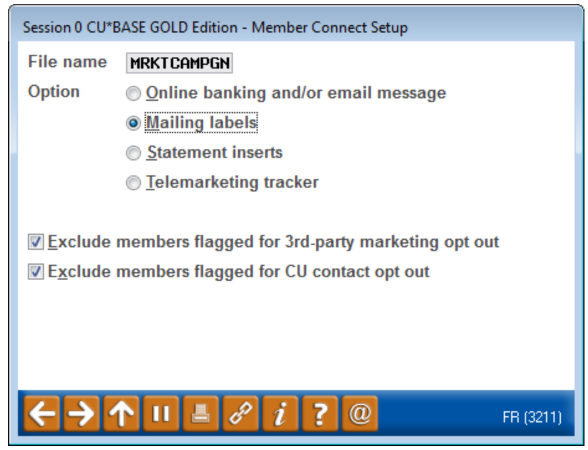
Call Script

Hello <u>[member name]</u>. I am calling today from your credit union, _______________ Credit Union. We appreciate your current mortgage business with us. We want to make you aware that your current mortgage balance is scheduled to reach 80% of the original appraised value. At the 80% Loan-To-Value, you may submit a written request to us to cancel your Private Mortgage Insurance. This can result in significant financial savings each month! You may also be eligible for additional mortgage products. If you have any large dollar expense coming up or would like to remodel part of your home, this could be a great time to look at this. I would be happy to answer any questions you have.

Sending a Mailing or Selective Statement Insert

To market to the member via a mailing, you have the option of either creating mailing labels or to create a file for selective statement inserts.

Creating Mailing Labels



From the Member Connect Setup screen, enter the File name that was created in the Credit Report Data Mining menu option and select *Mailing Labels*. This will take you to the Member List Generator to include further exclusions as desired. Since you have already generated the list you want, you can enter through the List Generator screens to choose your label size and print them.

Selective Statement Inserts

If you would prefer to add a statement insert, selecting the *Statement inserts* option will take you to a window that will let you designate which selective insert you will be setting up. This step simply copies the database file from your QUERYxx library to your FILExx library, giving the file the appropriate STMT## file name so that it will work with the selective inserts system. Select *Process* (F5) to continue to the statement setup screens.

Refer to the *Selective Marketing through Printed Statements* booklet for more information.

How Do I Follow Up and See My Results?

There are a couple of options for you to track the success of your PMI removal campaign. The following are some of our favorites;

1. Review Loan-to-Value Analysis each month and compare it to the previous month(s). If you start to see names fall off before they are hitting the 78% this would be considered a success.
2. Simply keeping track of the number of requests to remove PMI could be a gauge of how many members heard your message
3. Lastly, if a Telemarketing Tracker was utilized, use the **Cross Sales Analysis Report** available from the Member Tracker Tools (MNTRAK) menu to review how many of the initial tracker conversations generated ended with PMI removal.

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

Discover More!

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Grand Rapids, MI 49546
(800) 327-3478
www.cuanswers.com

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