Charge Off Savings/Checking Accounts

With Optional One-Time Reporting to Credit Bureau

INTRODUCTION

CU*BASE has automated the process of charging off a savings or checking account that has been at a negative balance and finally needs to be charged off your credit union books. This process is comparable to writing off a loan except that, instead of keeping the account open under a separate category as you do with loans, you are sent directly to the final step of closing the account and moving the money to a G/L.

Collectors also have the option to send a **one-time** record to the credit bureaus when savings and checking accounts are charged off. Members who borrow need good credit to qualify for the loans and terms they need. By alerting credit bureaus about how members manage their deposit accounts as well as their loans, credit unions can further encourage members to be accountable for overdrawn accounts, with the goal of increasing collections and minimizing loss to the credit union.

The charge-off reporting to the bureau is a one-time process for that month only; any additional reporting, such as if the funds are eventually recovered from the member, must be done with a third-party tool such as eOscar, to adjust the member's credit history.

The charge-off feature is accessed via **Tool #201** *Charge Off Savings/Checking*. Additional set up of a Charge-off code is required. This is covered in the first section of the booklet (starting on page 5).

The one-time reporting to the bureau requires separate activation and is covered in the rest of the booklet (starting on page 9). Contact a Client Services Representative for assistance activating this feature.

Revision date: July 28, 2023

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FEATURES SUMMARY

GENERAL SAVINGS/CHECKING CHARGE-OFF FEATURES

Following are a list of general features of the charge-off feature in CU*BASE (Tool #201).

- Tool #201 Charge off Savings/Checking Accounts requires the configuration of a miscellaneous posting code (a charge-off code). This is configured using Tool #534: Misc. Posting Codes Configuration. Link directly to the CU*BASE help topic via https://htttps://https://https://https://htttps://htttps://htttps://https
- Then the savings or checking account must be charged off using Tool #201. (Loans are written off using **Tool #1006** *Write of Charge off Loans*.)
 - Because of their unique properties, IRA and HSA accounts cannot be charged off using Tool #201.
 - Because of par value and other factors, Tool #201 cannot be used to charge off the base membership share (000) account. <u>How do I charge off a base share (000) account so that I can</u> <u>take a loss on an overdrawn account? I understand that I</u> <u>cannot use Tool #201 (Charge Off Savings/Checking) to</u> <u>charge off the base share account.</u>
- Tool #201 does not include a write off stage. At charge off, the funds are transferred according to the G/Ls configured in the charge-off code and the account is closed.
- The details of the charge off using Tool #201 are saved to CUFMAINT. (Search for field NEGBALOVR).

Additional Notes on the One-Time Reporting to the Credit Bureau

Following is a list of additional notes and features of the optional one-time reporting to the credit bureau at charge off.

NOTE: Accounts that are charged off before the feature is activated cannot use this feature.

- This feature requires special activation. Contact a Client Service Representative for assistance. *Self Processors refer to page 9.*
- This feature requires that the credit union employee use the CU*BASE savings/checking charge-off feature (Tool #201).
- Accounts are reported to the bureau *only once*, in the month following the date they were charged off/closed.
- Any additional reporting must be done by a third-party tool such as eOscar. (This method should be used if you wish to adjust a member's credit history if additional funds are eventually recovered from the member.)

- All fees and adjustments should be made prior to the charge off. The amount reported to the credit bureau should be the current negative balance of the account.
- Because there is no equivalent of a "write-off" stage for savings and checking accounts like CU*BASE has for loans, credit bureau reporting will not occur until the account is charged off and closed.
- During charge off with reporting to the bureau, employees use additional fields to indicate that the account should be reported and what status and Metro II codes should be transmitted to the bureau.
- When you charge off the account, credit union employees report a "total overdraft protection amount". Use this field to enter the Automated Non-Return (ANR) or courtesy pay protection provided to the account according to your credit union policies and procedures.
- There is no credit bureau reporting on joint owners on the accounts.
- The feature cannot be used with organizational (MO type) accounts. For that reason, the ECOA code of 1 is always sent.
- Since the CU*BASE savings/checking charge-off feature does not support charging off the base share (membership) account, there is no mechanism to report closed (000) accounts to the bureau with this feature.
- The feature does not support reporting HSA and IRA accounts to the bureau either since Tool #201 cannot be used to charge off these types of accounts.
- The details of the charge off including the additional fields for credit bureau reporting are saved to CUFMAINT at charge off.
- The Closed Account Update screen can be used to adjust Metro II codes. If changes are made after monthly credit bureau reporting, this will be reflected in what is saved to CUFMAINT and will not be reported to the bureau by the automated charge off feature outlined in this booklet.
- Deposit account (savings and checking account) reporting will be submitted along with records for loans in the Metro II credit bureau reporting file.
- The addition of savings and checking accounts in the monthly Metro II credit bureau reporting file **will not change the monthly billing to the credit union** for credit bureau reporting.

CHARGING OFF A SAVINGS OR CHECKING ACCOUNT

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 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. <u>How</u> <u>do I charge off a base share (000) account so that I can take a loss on</u> <u>an overdrawn account? I understand that I cannot use Tool #201</u> <u>(Charge Off Savings/Checking) to charge off the base share account.</u>

CREATING A "CHARGE-OFF" POSTING CODE

A miscellaneous posting code 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 **Tool #201** Charge Off Savings/Checking Accounts.

Misc. Posting Codes Configuration (Tool #534)



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

Session 0 File Edit 1	CU*BASE G ools Help	OLD Edition ·	ABC TESTING CREDIT UNION	
Saving	gs/Che	ecking	Charge-Off Codes	UPDATE
Status	Code	G/L #	Description	
A	СК	719.05	CHECKING BOUNCE CHARGE OFF 719.05	
■ <u>S</u> elect			↑ ↓	
New Mainten	ance			
Add New Coo Print	le			
←→1		8 i ?	@	FR (2494) 5/31/13

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

Code Configuration

Session 0 CU*BASE GO	LD Edition - Savings/Checking Charge-Off Codes	E
Code		UPDATE
G/L account		
Description		
Offset branch/location	60 (00 = member branch)	
Suspend		
$\leftarrow \rightarrow \uparrow \parallel \blacksquare$		FR (3502)

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 Tool #201 to charge off the account.

Charge Off Savings/Checking Accounts (Tool #201)

Session 0 CU*BASE GOLD Edition - Charge Off Savings	/Che
Account 000000000 000	
	EP (2500)
	FN (3300)

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.

★ Session 0 CU*BASE GOLD Edition - SUCCESS CREDIT UNION File Edit Tools Help	E	- 🗆 X
Charge Off Savings/Checking Acct		
Account # 110 MATT Q MEMBER Dividend application IP INT PLUS CHECKING		
Current balance 1,249.95-	Date account opened Jan 07, 2013	
Negative balance limit .00	Freeze code 1 No Dr	
1st date negative Apr 07, 2017	<u>⊿</u> 3rd-party marketing opt out	
# of days negative 382	✓ <u>C</u> U contact opt out	
Last transaction Jan 22, 2018	Add member to blocked persons list	
Reason code		
Misc. posting code		
Transaction description		
Secondary transaction description		
Comments		
Post & Close Account		
$\leftrightarrow \rightarrow \uparrow \blacksquare \triangleq \mathscr{S} i ? @$		F6 (3501) 4/24/18

Select a *Reason code* for the charge off and enter a configured *Misc. Posting code* (that is a configured Charge-Off code). 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.

You can elect to add the member to the blocked persons list. (This will add the SSN, Type, and a comment to the file. The comment will include the date of the charge off. You can also choose to enter an optional secondary transaction description to help you identify the transaction record.

ONE-TIME REPORTING TO BUREAU

Collectors have the option to send a one-time record to the credit bureaus when savings and checking accounts are charged off. This requires activation. Credit unions should contact a Client Service Representative for assistance to activate this feature.

NOTE: Accounts that are charged off before the feature is activated cannot use this feature.

ACTIVATION IN CU*BASE

To activate the feature, the CSR will check *Report marked negative balance accounts to the credit bureau* on the Master CU Parameter Configuration.

Tool #5427 Master CU Parameter Config > 3rd Screen

Identify Master Parameters	
identity master Farameters	
Teller Processing	CD Processing
Backup daily teller files	Check print ID: CD dividend checks
	# of days for renewal notice print 20
Notice Print	Special Tax Forms Processing
Notice to print Mailer form ~	CACtivate 1042-S forms processing
Print CU name on notice	Transmitter control code
	Contact name
Loan/Open Credit Processing	Contact title
Payment change monitoring	Phone # 000 Ext
Use interest due in available balance calculation	
Pay club benefits to DIVAPL (blank = pay to loan account)	Deposit Account Reporting
CPI insurance provider Allied ~	Report marked negative balance accounts to credit bureau
CPI grace days	
CPI premium term months 9	
Third Party Interfaces	
Activate interface for misc coverage price quotes 5 Q FROST3	
Activate automated collateral valuation O J.D. Power O Kelly Blue Book	○ None
Activate interface for Default Insurance 🛛 🔃 🝳 Open Lending	
Activate third party IRA/HSA Integration 📃 🍳	
Teller miscellaneous receipts interface for gift cards O None OLSC	
	<u> </u>
	CL *BASE
Continue	operator edition
End Maintenance	
$\leftrightarrow \rightarrow \uparrow \blacksquare \triangleq e^{p} i ? @$	(3708)

Once this box is checked, additional fields will appear when an account is charged off that will give the credit union employee the option to use the one-time reporting feature, enter the amount to report, and enter the appropriate Metro II codes.

TOOL #201 CHARGE-OFF SCREEN (WITHOUT ACTIVATION OF REPORTING TO BUREAU)

If Report to credit bureau is not activated, the charge-off screen will not have the fields used for credit bureau reporting visible and there is no warning message on the screen. (See next page for how screen looks once the feature is activated.)

Session 0 CU*BASE GOLD Edition - SUCCESS CREDIT UNION ile Edit Tools Help		<u> </u>
Charge Off Savings/Checking A	cct	
Account # 110 MATT Q MEMBER Dividend application IP INT PLUS CHECKING		
Current balance 1,249.95-	Date account opened Jan 07, 2013	
Negative balance limit .00	Freeze code 1 No Dr	
1st date negative Apr 07, 2017	☑ <u>3</u> rd-party marketing opt out	
# of days negative 382	⊆U contact opt out	
Last transaction Jan 22, 2018	☐ <u>A</u> dd member to blocked persons list	
Reason code		
Nisc. posting code		
If 999, G/L account		
]	
Transaction description ACCOUNT CHARGED OFF		
Secondary transaction description		
omments		

TOOL #201: CHARGE-OFF SCREEN WITH ONE-TIME REPORTING TO THE BUREAU ACTIVATED

Once *Report to credit bureau* is activated, new fields and messaging will appear on the second charge-off screen.

Tool #201 Charge Off Savings/Checking (After Activation)

Session 0 CU*BASE GOLD Edition - SUCCESS CREDIT UNION File Edit Tools Help	ځا	- 🗆 X
Charge Off Savings/Checking Acct		
Account # 110 MATT Q MEMBER Dividend application IP INT PLUS CHECKING		
Current balance 1,249.95- Negative balance limit .00	Date account opened Jan 07, 2013 Freeze code I No Dr	
1st date negative Apr 07, 2017 # of days negative 381 Last transaction Jan 22, 2018 Reason code Image: Coloradia stransaction	⊠ <u>I</u> d-party marketing opt out ☑ <u>C</u> U contact opt out □ <u>A</u> dd member to blocked persons list	
Misc. posting code		
Report to credit bureau Credit bureau comments Status	Consumer information indicator 🛛 🔍 Compliance condition code 🔹 🔍 Total overdraft protection amount 🔹 🛛 🕄	
Transaction description ACCOUNT CHARGED OFF Secondary transaction description		
Remember the current balance shown here will be reported to the bure have posted all adjustments/fees before proceeding.	au as the charged-off balance. Make sure you	
Comments Post & Close Account $\leftarrow \rightarrow \uparrow II = \mathscr{S} i ? @$		F6 (3501) 4/23/18
	File Edit Tools Help Charge Off Savings/Checking Acct Account # 110 MATT Q MEMBER Dividend application IP INT PLUS CHECKING Current balance 1,249.95- Negative balance limit .00 1st date negative Apr 07, 2017 # of days negative 381 Last transaction Jan 22, 2018 Reason code Q Misc. posting code Q If 999, G/L account Q Transaction description ACCOUNT CHARGED OFF Secondary transaction description Account May posted all adjustments/fees before proceeding. Comments A 11 Post & Close Account Constant A 11	Presentation Control (Control (Character) (Control (Character)) Image: Control (Control (Character)) Presentation Image: Control (Character)) Image: Control (Character)) Image: Control (Character)) Presentation Image: Control (Character)) Image: Control (Character)) Image: Control (Character)) Presentation Image: Control (Character)) Image: Control (Character)) Image: Contro (Character)) Control

Close-up of New Fields

Report to credit bureau		Consumer information indicator	
Credit bureau comments	e	Compliance condition code	●
Status	97 🔍	Total overdraft protection amount	0

(See the following page for tips on filling in these fields.)

Close-up of Tip

Remember the current balance shown here will be reported to the bureau as the charged-off balance. Make sure you have posted all adjustments/fees before proceeding.

ADDITIONAL ONE-TIME CHARGE OFF FIELDS

Close-up of Additional Fields

Report to credit bureau		Consumer information indicator	
Credit bureau comments	•	Compliance condition code	•
Status	97 🔍	Total overdraft protection amount	

Below are recommendations for using the additional fields.

• The *Report to credit bureau* field is checked by default, but you have the option to uncheck it. Whether the box is checked or not determines if the charge-off data is sent to the bureau. If you elect to report and leave it checked, you must enter a *Total overdraft* protection amount. See more below on what amount you might enter in this field.

Θ

- A Status code of 97 (charge off) is the default and is the recommended code. *Follow your credit union policies and procedures*
- The Status and Metro II codes (of Credit bureau comments, Consumer information indicator and Compliance condition code) are optional. Follow your credit union policies and procedures.

What is the "Total Overdraft Protection Amount" Field?

The Total Overdraft Protection Amount field is used to enter how much Automated Non-Return (or courtesy pay) protection was on the account. For example, ABC Credit Union has an account with a \$500 signature loan and a \$250 automated non-return (ANR), they would enter \$250 in this field. (Loans are written off separately.) *Follow credit union policies and procedures as to what you enter in this field.*

• NOTE: If there was no automated non-returns protection assigned to this account, one option is to enter a 1 in this field. (This field cannot be left blank.)

UPDATING BUREAU CODES AFTER CHARGE-OFF

When the account is charged off, it is closed. To update the Metro II codes after charge-off or to remove the account from being reported to the bureau, use Closed Account Info Update (Tool 887).

Closed Account Update

★ Session 0 CU*BASE GOLD - SUCCESS CREDIT UNION File Edit Tools Help	D – • ×		
Closed Account Info Update	Share Draft		
Member	Information		
Account # 110 Branch # 1 G/L account # 902.02 Current balance 0.00	Address NOAH ST III : 2345 Credit <u>Reporting Information</u>		
Accour	Information		
Joint Owner 1	# Joint Comoro.		
Date open Apr 11, 2018 🗰 [MMDDYYYY]	# Beneficiaries 0		
Share Draft Details	Indicators		
Frozen secured balance 0.00	Frozen account 0 = Not frozen ~ Minimum balance charge 0 Statement indicator		

On the screen shown above, click the "Credit Reporting Information" button.

NOTE: Accounts that are charged off before the feature is activated cannot use this feature. These accounts will not have the button shown above.



This will open a Credit Bureau Reporting Information screen for savings and checking accounts. If you do not want the account to be reported, uncheck "Report to Cr Bureau." This also allows you to change the comment and Metro II codes. Use Save (F5) to save your changes. Be sure to make the changes prior to the one-time credit bureau reporting. These changes will be written to CUFMAINT.

You may make changes after that time, but those changes will not be reported; however, they will be written to CUFMAINT.

REPORTING TO BUREAU (ACCOUNTS FOR THE PREVIOUS MONTH)

Checking or savings accounts that were closed in the month and have the "Report to Cr Bureau" box checked are included in the credit bureau reporting file. (This is generally sent during the next month's beginning-of-day processing).

You can confirm these accounts were sent by the on-demand report access via **Tool #658** *Print Account Info Sent to Credit Bureau*.

Print Account Info Sent to Credit Bureau (Tool #658)



You can select to break out this report to show only deposit accounts (Savings/Checking). The report only includes accounts that were reported to bureau during the previous month.

Report Sample

4/27/18 11:22:49	SUCCESS CREDI	T UNION			LCBRPT	PAGE
RUN ON 4/27/18		CREDIT BUREAU REP	ORTING		USER	2
REPORT AS OF 04/18/2018						
ACCOUNT	C/B	DATE ACT	LAST TRANS	NEGATIVE CHA	ARGED RF	r
NUMBER NAME	TYP SSN	OPENED STS	DATE E	AL LIMIT OFF AN	10UNT COMMENT Y/	'N
-110 L	8B ***-**-1 }	6/28/2012 97	2/10/2018	550	314 \	1
-110 B	8B ***-**-6 }	4/11/2018 97	0/00/0000	550	387 \	1
-110 T	8B ***-**-1 }	4/12/2018 97	0/00/0000		346	1
FILE RECORD LENGTH-0756	SUBSCRIBER NUMBERS: CCA-	2404 Equif	ax- V000054802	Experian- D0120	TransUnion-	- 1106
END OF REPORT						

(See next page for how to find reporting detail on individual closed accounts.)

REPORTING TO BUREAU FOR INDIVIDUAL ACCOUNT

You can find a record of the transmission for an individual account via the Closed Account Inquiry screen. Access this screen via Inquiry. Enter the membership number and then use *Closed Accounts* (F13).

✤ Session 0 CU*BASE GOLD File Edit Tools Help	Edition - SUCCESS CREDIT UN	ION		
Closed Acco	ount Inquiry			
Member Account 110 Dividend apl	NOAH CHECKING			Opened Apr 11, 2018 Closed Apr 10, 2018 ATMID 0 AFT
Current balance - Secured - Uncollected Net available	0.00 0.00 0.00 0.00	Annual backup withholding	0.00	Frozen N0 Payroll base deposit N0 # of withdrawals 0 Passbook N0 Joint Owners Beneficiaries
		Dividends		
F	Paid		Period Lo	ow Balances
Quarter 1 Quarter 2 Quarter 3 Quarter 4	0.00 0.00 0.00 0.00			
Total Accrued	0.00 0.00	Period minimum balance	0.00	
As of Apr 11, 2018				
			Transac	tion inquiry date 00000000 🗎 (MMDDYYY)
New Account	New Account Type	Report History NS		Tracker Review Custom Fields
← → ↑ ॥ ≞	₿ i ? @			F6 (126) 4/27

Closed Account Inquiry (Inquiry, then Closed Accounts)

From the screen above, select the "Report History" button to access the Summary screen (shown on the next page).

Credit Bureau Reporting History (Summary) Screen

Session 0 CU*BASE GOLD Edition - SUCCESS CREDIT UNION File Edit Tools Help					
Credit Bureau Repor	ting History				
Account # 110 NOAH					
Report Date Status Apr 18, 2018 97 Charge Of	Status Description Reported f ¥ Y	Whenever a credit bureau file is generated, a record is created showing the date and loan status information that was included in the file. This information is retained throughout the life of the loan, so over time the number of records in this list will grow. It will also be retained with the closed account record after the loan is closed.			
← → ↑ ॥ ≜ ♂ i ? @)	F6 (107) 4/27/18			

For savings and checking accounts there will be one record because reporting is done only one time. Select the item in the listing to see the detail of what was included in the transmission.

Session 0 CU*BASE GOLD Edition - Credit Bureau Reporting History - Detail				
Account	110 NOAH			
		Reporting Period		
Date reported	May 01, 2018	Current balance	0	
Account status	97	Amount past due		
Account type	8B	Balance at charge-off	387	
Portfolio type	0	Status code		
		Date closed	Apr 10, 2018	
Reported to bureau	υY	Last transaction date	04/10/2018	
$\leftrightarrow \rightarrow \uparrow \parallel$	📕 d? i ? @			F6 (106)

Credit Bureau Reporting History – Detail (Savings/Checking)

This screen lists the information that was transmitted to the bureau. The fields are nearly identical to the information sent for loans. (Instead of the balance of the loan, the balance of the savings or checking account is sent.)

Refer to CU*BASE Online Help for assistance with field-level descriptions.