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.

CONTENTS

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://help.cubase.org/cubase/cubase.htm#UMREX-01.htm

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

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

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.*

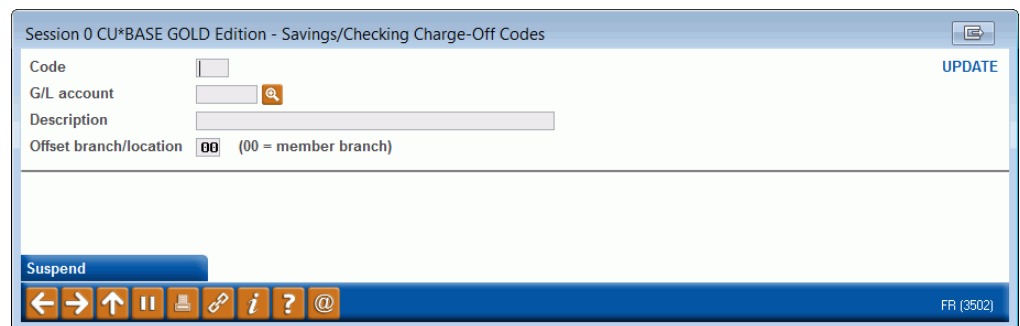***Misc. Posting Codes Configuration*** **(Tool #534)**
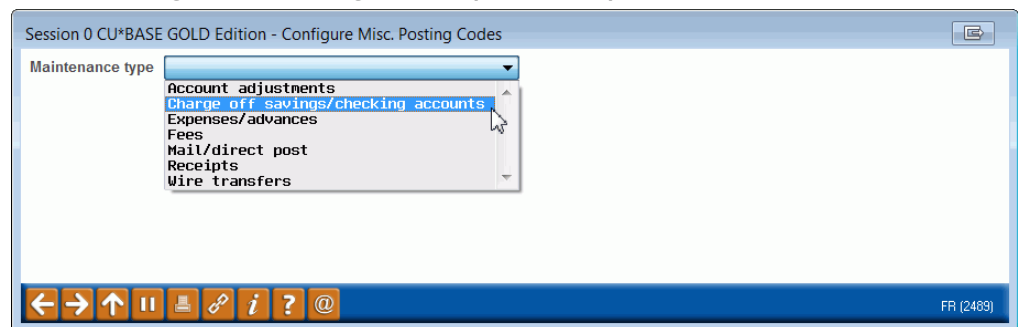
Select the *Charge off savings/checking accounts* to configure your charge-off codes and press Enter. You will see a list of configured charge-off codes.

Savings/Checking Charge-Off Codes List
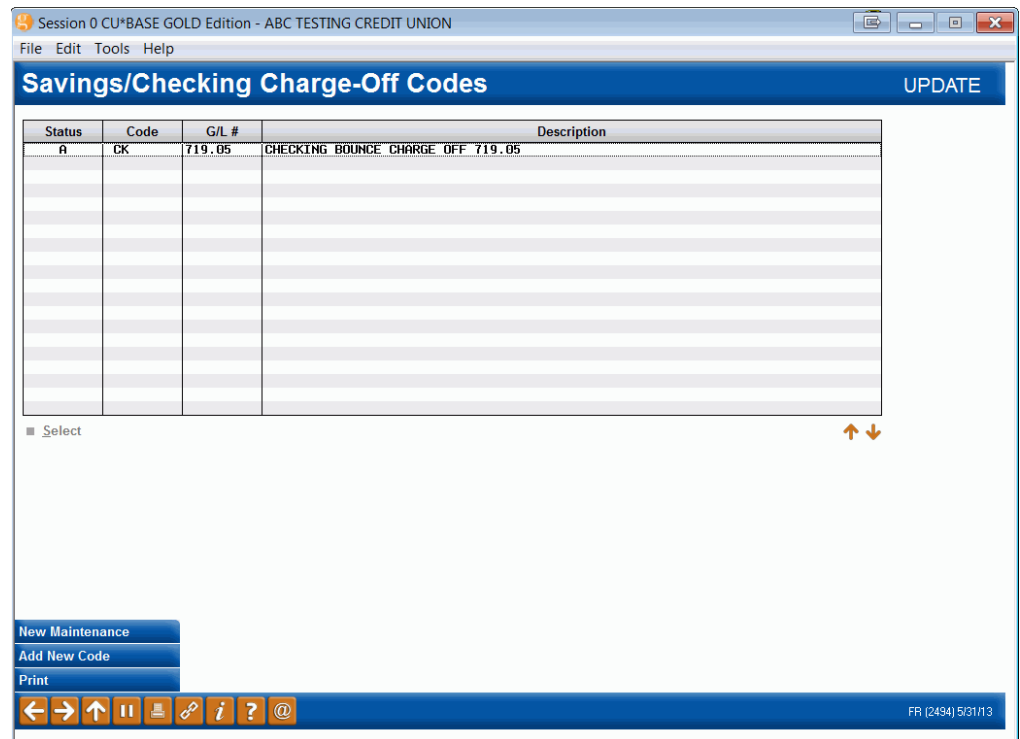
Use *Add New Code* (F10) to configure an additional charge off code.

Code Configuration

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)**

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.

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**

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.)*

Tool #201 *Charge Off Savings/Checking* (Prior to Activation)

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)

Close-up of New Fields

(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   0

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.*

- 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

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 CREDIT UNION                        LCBRPT          PAGE
   RUN ON    4/27/18                  CREDIT BUREAU REPORTING                             USER
                                     REPORT AS OF 04/18/2018
   ACCOUNT                C/B                 DATE   ACT  LAST TRANS   NEGATIVE       CHARGED          RPT
   NUMBER   NAME          TYP     SSN        OPENED  STS        DATE  BAL LIMIT    OFF AMOUNT  COMMENT  Y/N
     -110   L             8B  ***-**-1   8  6/28/2012  97   2/10/2018       550          314            Y
     -110   B             8B  ***-**-6   9  4/11/2018  97   0/00/0000       550          387            Y
     -110   T             8B  ***-**-1   1  4/12/2018  97   0/00/0000                    346            Y
FILE RECORD LENGTH-0756   SUBSCRIBER NUMBERS: CCA- 2404      Equifax- 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).

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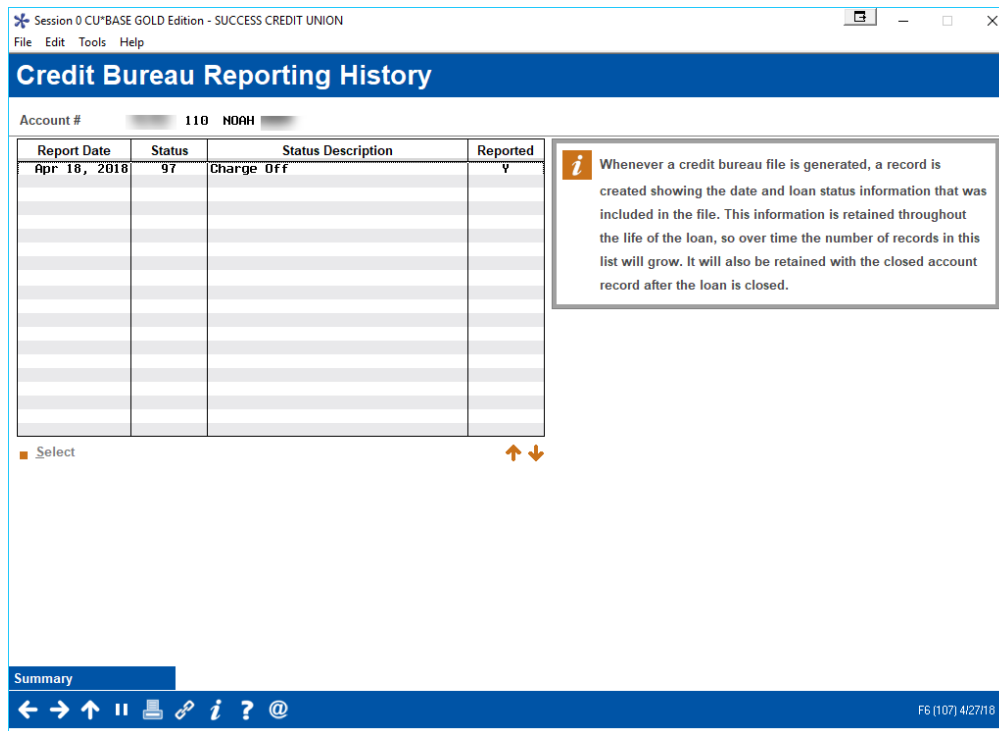
For savings and checking accounts there will be one record because reporting is done only one time. Select the item in the listing to see the detail of what was included in the transmission.

Credit Bureau Reporting History – Detail (Savings/Checking)
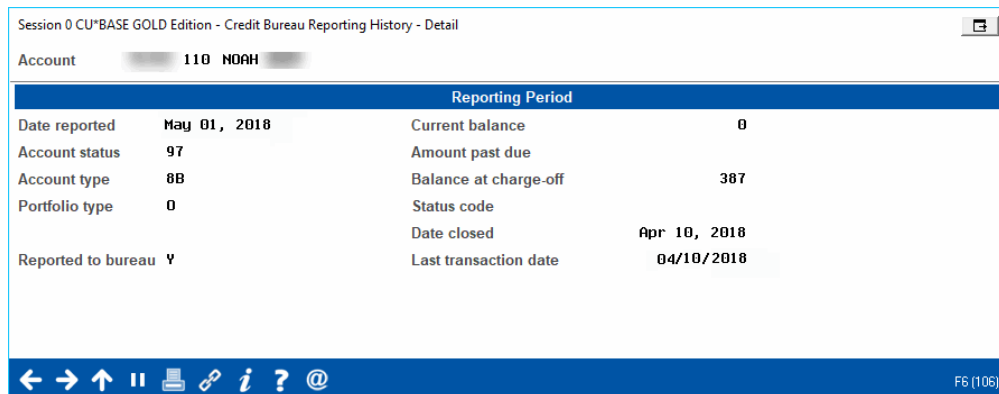
This screen lists the information that was transmitted to the bureau. The fields are nearly identical to the information sent for loans. (Instead of the balance of the loan, the balance of the savings or checking account is sent.)

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